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HUNGARY

Pozsgay Evokes Praise, Astonishment in West Berlin

23000170 Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 29 May 89 p 5

[Article by Peter Jochen Winters: "Human Rights, Civil Liberties, Multiparty System"]

[Text] Berlin, 28 May—Academy Director Kraetschell had hardly dared to hope that his bold idea could become a reality. He had invited Hungarian Minister of State Pozsgay, who has been a member of his party's Politburo since last year, to be guest speaker at the 25th anniversary celebration of the establishment of the European Academy in Berlin. Despite all difficulties the leading reform politician had now come from Hungary—by car direct from Budapest, in transit through the GDR. The fact that the 55-year-old Pozsgay was permitted to cross the GDR borders unhindered presumably surprised him more than the lack of an official welcome in the GDR—the old men in the GDR party and state leadership have not thought much of him for a long time.

Pozsgay received all the more approval and applause in West Berlin. The fact that this communist reformer had come here of all places, in the shadow of the wall, avoiding East Berlin, to speak about the Hungarian reforms and to declare himself in favor of Europe's cultural and political values—above all tolerance, freedom, and justice—caused many of those who listened to him to feel it was a great moment. They remembered the Berlin Blockade, the Khrushchev ultimatum, the building of the wall, and all the things that had been done to Berliners by ruling communists since the end of the war, and they could hardly believe what a ruling communist now had to say about human rights, civil liberties, the multiparty system, social pluralism, and the development of a market economy. Contrary to the practice of ruling communists, Pozsgay spoke extemporaneously. He had no prepared manuscript nor did he mince any words.

Opening the Borders

The Hungarian frankly supported opening the borders. The Hungarian citizen should not have to look for escape routes if he wants to get in contact with the world. Every Hungarian can obtain the newly introduced international passport and travel wherever he wants. Therefore a decision has been made to reduce the frontier barriers on Hungary's Western border. It is not the duty of the Hungarian border guards to protect the border from the Hungarians, Pozsgay said with an eye to the GDR, which does not like the Hungarian action at all. The minister of state announced a Hungarian emigration law and said if a Hungarian emigrates, it is indeed painful; however it is not treason but the expression of human freedom. Therefore there must always be the possibility of a return.

Officially Pozsgay's visit in West Berlin was private. He was invited as a "European personality...who, like hardly any other in mass communication media, culture, and politics of his country, embodies the intention to overcome dividing, outdated structures in society and among the European states, and makes the vision of the 'common European house' concrete and credible," Academy Director Kraetschell said. However, the political significance of Pozsgay's appearance in West Berlin—reinforced by talks with Governing Mayor Momper and opposition leader Diepgen—must not be underestimated.

With his reforms, the renewal of the country, Hungary wants to "buy an admission ticket to Europe," the minister of state charged with the coordination of Hungarian reform policy said to the European Academy in Berlin. His country wants to join the "common European house" by way of the "Central Europe" step. This intermediate step means a great deal to Hungary in view of the realization that the peoples in this part of Europe, who suffered a great deal under the disputes of the past, cannot be immediately integrated, but must first develop mutual contacts and come closer to each other.

Pozsgay outlined a fascinating picture of the Hungarian reforms to his listeners. He spoke of the search for a new identity in view of the deep crisis of a political system, whose 40-year operation was basically unsuccessful and was never accepted by the people. What is going on in Hungary now is nothing but the transformation of a Stalinist dictatorship into a democracy in the sense of political pluralism, a multiparty system, and a government legitimized by the people. The reforms must achieve a functioning social order in which the people can find their identity, and which makes it possible for vision, economy, and production to develop at long last. That was a swan song for "actually existing socialism," and it could not have been any more categorical.

Europe's most recent history provides examples of dictatorial systems being changed back into democratic ones, Pozsgay said. But, he said, there is no historical model for transforming a Stalinist structure peacefully into a pluralistic democratic constitution. In Hungary efforts are now being made to change back a Stalinist despotic rule, which has absorbed all vital functions and has assumed virtually a sacred character, into a state based upon the rule of law, with all legal guarantees for the citizens and functioning democratic institutions. To that extent, what is happening in Hungary and elsewhere in Eastern Europe is unique and unprecedented. But the international situation—return to the policy of detente and the fact that reform trends have gained the upper hand in the Soviet Union and in China—is favorable to the "change of model" sought by Hungary.

China as an Example

Pozsgay sees a confirmation of his view, that this change of model in Hungary can be achieved peacefully, in the present development in China. "The current events in

Beijing are encouraging to us, even though they now give the impression of a rebellion and may look chaotic, for they prove one thing with finality, namely that the use of force against the aspirations of the people, of society, no longer exists and can no longer exist." In a conversation Pozsgay said he does not believe in another intervention of the Russians in Hungary. He said Gorbachev has enough to do with his own difficulties and, moreover, he has unambiguously declared the Brezhnev doctrine null and void.

In the opinion of Politburo member Pozsgay, the experiment of socialism that has created dictatorial Stalinist structures in Eastern Europe by degenerated exercise of power and distorted structures is in crisis everywhere. This crisis can be overcome only by a structural change and a change of the model. Hungary has drawn this conclusion from its own development, he said. All past attempts at reform have failed, time and again, because the political structures have always remained the same. In response to worried voices in the West that Hungary rushes its reforms and concentrates too much on political changes instead of first increasing its economic performance, Pozsgay answered that without radical and consistent political reforms there is no hope for economic development. Therefore the most important institutional reforms must be made first.

The Hungarian spoke of the first steps of the Hungarian political reform, of the passage of the law on associations, which is to give citizens the right of free association, and a law of corporations, which is to give opportunities for free activity to entrepreneurs and capital in Hungary. Respect for and guarantee of human rights and basic liberties as well as strict separation of legislative, executive, and judicial autonomy are the focus of the draft for the new constitution. A law on parties is being prepared, which will lead to a multiparty system in which different parties have fair chances of competing. Free elections would be called which could even lead to the present government party no longer being able to govern.

Later on, before the members of the Berlin Press Club, Pozsgay pleaded for freedom of the press and the freedom to openly and publicly discuss socialism and its degenerated dictatorial form. He said the concept of socialism must be newly thought out, and he makes no secret of the fact that he does not regard a split of his party as a tragedy. The reformers are in the majority there, and it is possible to do without the conservative dogmatists. The Hungarian Politburo member does not contradict the thesis that a Hungarian communist party reformed according to his ideas is in final analysis a social democratic party of West European type.

What would happen, Pozsgay's listeners in West Berlin ask themselves, if the SED [Socialist Unity Party] followed the example of the Hungarian "fraternal party"? It would become a social democratic party and Germany's split could be overcome.

Cadre Monthly Discontinued, Replaced by 'NEW FORUM'

PARTELET Discontinued After 34 Years

*25000257 Budapest PARTELET in Hungarian
Vol 34 No 4, 1989 pp 26-27*

[Text] You are holding in your hand volume 34, number 4 of the PARTELET. The purpose of this journal, appearing for more than three decades, has always been to introduce the MSZMP's [Hungarian Socialist Workers Party] policies and to strengthen our contact with the readers. In realizing these goals we described the central party organs' resolutions, positions, and the causes behind their decisions, published information contributing to the realization of those resolutions, and also wrote about noteworthy methods and experiences.

During the past years, the editors of PARTELET have provided publicity for studies and opinions on which no political position had yet been taken, or which required reconsideration. Thus, the journal featured speeches, proposals and opinions that were first heard at various public forums and party conferences. Recently, we have frequently organized roundtable discussions, initiated debates, and conducted interviews.

The letters in which our readers expressed their support, or criticism, of certain political intentions deserve special mention. Many of these contained ideas which not only contributed to the sharing of knowledge, but also provided important information for the central party organs.

During the past decades a great many party workers, functionaries, and activists, numerous people committed to our movement, have made their views known on the pages of this publication, both well-known persons and individuals without fame. All of their writings have contained some ideas which our readers could put to good use in their political activities or in the work of party organs.

The PARTELET always tried to fulfill the tasks it was given by the MSZMP's central organs, and live up to the expectations of its readers. The great changes taking place in our country's political life and in the MSZMP's activities also had their effect on our responsibilities. The competitive situation now under development calls for radical changes in our party's propaganda activity, the methods of political argumentation, and the system of informing our members; consequently, the organization of party press must also change.

Under the new circumstances, when the MSZMP must be more energetic in turning toward society, the party's publications must accept a serious role in societal dialogue, the confrontation and conflict of opinions. The freedom to create political platforms within the ranks gives party members the right to freely express and

discuss their opinions at any party forum, including the party press. This further increases the responsibility borne by the party publications.

PARTELET will last appear under its present title and in its present form in April 1989. Its successor, named UJ FORUM, will appear in a changed format as of May, preserving all the values accumulated until now in the course of our editorial work and contact with readers. It will count on the support of those readers and subscribers who came to consider this publication as their own.

We ask our readers to support the aspirations of the new publication along with the policies of the MSZMP; participate actively in the formulation of public opinion and in the development of our society.

In this effort, we wish each of our readers much success,

The editors of PARTELET

New MSZMP Monthly Profile

25000257 Budapest UJ FORUM in Hungarian
Vol 1 No 1, May 1989 p 2

[Text]

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Invitation to Dialogue

25000257 Budapest UJ FORUM in
Hungarian Vol 1 No 1, May 89, pp 3-4

[Text] Editors sitting at a long conference table. Plans, hopes and worries; the cigarette smoke is getting thicker. This is the time, both uplifting and frightening, when an invitation to a dialogue is issued.

Will there be anyone to hear us, understand us, and consider us as partners, approving or rebuffing?

We believe so.

We believe that, in spite of all atrocities and stupidities perpetrated in the name of socialism, public thinking in our country can still be attracted by the historical opportunity Marx referred to as "the empire of freedom." And that it can finally be guaranteed that in the term "socialist democracy" the adjective does not necessarily represent a contradiction embodied in underground torture chambers, death camps, and unmarked mass graves.

We also believe that democracy is socialist only when it guarantees more freedom than the most democratic of the bourgeois societies.

A Utopia From 1946

The publication we envision refers, by its very name, to the traditions of just such an approach to democracy: the spirit of the journal FORUM, started in September 1946 under the guidance of Gyorgy Lukacs. Along with every thinking Hungarian Communist, he believed that most Eastern and Western European countries, including Hungary, were facing a period of social development earmarked by a "new" or "new style" democracy, which at the time was less frequently called a "people's democracy."

Living in multiparty states, people were to exercise their authority through institutions that lend reality to the concept of direct democracy, property relations were to develop in accordance with the interests of working masses (but allowing capitalist private property to exist within these limits), and at the end of a lengthy historical development, proceeding in tandem in the East and West, societies were to reach socialism without any dictatorial intervention.

How familiar is that program, with sober considerations as its basis, which still came to be called utopian by 1948. By that time the term "new democracy" was edged out by "people's democracy," which Matyas Rakosi in the end clearly described as nothing more than "a special form of the dictatorship of the proletariat." As it turned out, it brought us atrocities that were anything but special.

Parallel with the Rajk trial, the "Lukacs debate" also began. In August 1950, the party leadership forced Lukacs to exercise "self-criticism," and at the same time stopped the printing of FORUM, without even notifying its editors.

Yet, as Lamartine said, utopian ideas are frequently nothing more than truths spoken before their time.

The End of the Beginning

We might add that at times they are thoroughly realistic aspirations that suffer temporary setbacks. After all, looking back today, which ideas turned out to be utopian? Is not it the "new democracy" that is, or could be, justified by history; and was not it Rakosi's "dictatorship of the proletariat," the concept of Communism built by ukase at an accelerated tempo, that proved to be an Orwellian spectre and a negative utopian idea?

Not all Communists committed to the idea of democratic and rational development became victims of Stalinism's gallows and prisons. Nor were they all swayed by Cold War hysteria and the mirage of a Communism built in one man's lifetime. Intimidated, silenced, and at times tripped up by the traps of history, they did what they could. They eased the pain and sabotaged the madness, if at times only by citing Stalin quotations against Stalinist "overachievers."

They were the ones mobilized by Imre Nagy's 1953 government program, they revolted against Rakosi's attempt to restore the old ways, and they believed that the autumn of 1956 could become socialism's springtime. . . . Afterwards, some of them ended up in prisons, others in leadership posts. They did their work reluctantly or faithfully; but even those in the first group realized, after their release, that a new process had started, and those in the second group prevented the return of the old. They often had to say yes to things they did not believe in, and often they remained silent when they should have spoken out. However, they spoke out and acted just as often, because they were confident that change would come and, steadily enlarging their opportunities, they worked for those changes. Consciously or not, slowly and almost imperceptibly, they brought down the system which governed (poorly or well) without asking for people's consent, even while using their name.

Until now, when they have arrived at the threshold of victory.

There are those who claim: "The MSZMP has been defeated; we defeated the MSZMP!" It is a paradoxical fact that the final impetus taking prodemocracy Communists to the threshold of victory was a spectacular failure, the failure of economic policies conducted by Communists.

Yet, failure is a fact, while victory is only a future potentiality. The sense of defeat is spreading even in our ranks. No matter how easy it is to respond to those who proclaim our defeat: "Gentlemen, the MSZMP is not identical with its leaders, but with its membership of 750,000 people. And it was the will of these hundreds of thousands to guide freedom's development toward the potential promise of tomorrow. Had we failed, your words would not reach beyond a few hundred readers of samizdat publications. Had we failed, you would not be able to talk about the MSZMP's defeat before the publicity of the entire nation. The fact that you are free to make claims concerning our defeat, is the obvious (though, unfortunately, still the only) proof of our victory."

Honest Dialogue

Of course, if you wish, this could also be a subject of open debate. Sitting around the table in this editorial office, we are fully aware that we have no monopoly over truth. Nor can we pose as a Petofi statue come to life and claim that each of our sentences reflects the will of the nation. People with those kind of aspirations may be disappointed by our publication which will respect rival opinions while countering efforts to claim monopoly over truth.

We are committed to our world view and our political beliefs. However, that world view reflects an open and developing system of thoughts. Nothing is more alien from it than a tendency to admire its own reflection, like Snow White's stepmother. Marxism will remain what it

is only as long as it is able to accept all factual truths, regardless of their origin, and to constantly renew its own thinking in the light of new truths. An equally organic component of our political conviction is the belief that no one can make a nation happy against its will, and it is easiest to recognize the best road leading to happiness by considering as many divergent opinions as possible.

National Consensus

Therefore, we offer our pages to anyone who has something worthwhile to say about the concerns we share; anyone who is unafraid to leave the stable warmth of publications that feature only uniform views, and is ready to make his voice heard in the fresh breeze of free debate; anyone who has enough self-confidence that, instead of just yelling from the next room, he has the courage to take up the dialogue face to face.

We hope that many people will feel at home among us. At the same time, we will also accord all courtesy to those who hold opposing views. We will respond to their arguments with arguments and, no matter how fragmented they may be, we will try to learn from their correct statements.

At the same time, we will formulate all of our counter-arguments honestly and unequivocally and, even though we hope to exhibit a marked degree of coolness in today's public debates, there will be decisiveness in our voice. Just as we feel no call to slink off the stage of history as the extras of a "failed regime," we will have the moral courage to clearly state what we object to and what we consider unjust, while recognizing the right of others to do the same. And we have no intention to change our face and try to earn the applause of future political leadership by play-acting.

Clarifying Debated Issues

Editors sitting at a long conference table. We are arguing about plans, hopes and worries, each of us with his own experience and fate, putting forth varying opinions. We each would like to start a good publication, but each of us has a somewhat different view of what a truly good publication is. So, if it turns out to be good, this debate too will be responsible for its success, in that it broadens our horizons, gives us a more diverse voice and guides our self-evaluation.

We believe that all of these could be said of the MSZMP too. Some people say that not only has it failed, it is also falling apart. At times, we even hear people in our ranks say, "Those who do not want to go along with us, let them leave the party. There may be fewer of us, but we will be more effective."

The way we feel is that if the MSZMP undertakes to remedy the nation's situation with a joint effort, collaborating with others under the circumstances of a multi-party system, then it should be able to create similar conditions within its own ranks. What we need is not a purification of the party, but a clarification of debated issues. We have had enough of that catastrophic policy which was ready to flatter those distant from our aims, merely in order to win them over, while persecuting as heretics those of our comrades who shifted steps or stumbled.

And since we feel this way, we will strive, within our own possibilities, to provide the stage for debates within the party. We will not consider only him who calls himself a reform-Communist, or who happens to be classified as a fundamentalist. Based upon the weight of arguments and the logic of their presentation, we will strive to formulate a consensus that provides sufficient basis for action-oriented unity, without paralyzing individual efforts that seek other, even better, and more effective forms.

Forum for the Reader

As part of these debates, we would like to express the voice of those people who now feel that the mirage of political life proceeds without them, or high above their heads. We feel that the structure of democratic society, being constructed from below, should include certain "channels of information" specifically devoted regularly to convey the opinions, proposals and even emotions of increasingly broad segments of society toward the public. If socialist democracy wants to surpass bourgeois democracy, then in this respect, too it must supersede traditional forms. One of our primary aspirations is to be a "new forum" of our country's public life, in this sense as well. For this reason, we are not restricting letters from readers to a certain number of pages. We consider them to be a lively component of our publication, one of the most important elements of the dialogue we conceived as our goal.

We ask our readers to assist us in realizing these hopes.

The Editors of UJ FORUM

MDF Leader Csegey Outlines Views, Platform
25000258a Budapest UJ FORUM in Hungarian
Vol 1 No 1, May 89 pp 25-28

[Interview With Hungarian Democratic Forum presidium member Denes Csegey, by Odon Faczanyi: "One on One"; date and place not given]

[Text] "I find your views deeply repulsive, but I am prepared to sacrifice my life for you to have the right to represent those views." (Voltaire)

Denes Csegey was born in Szekszard, 1953. After grade school he studied at the maritime vocational high school in Budapest. He planned to become a marine but

changed his mind. He began writing. He worked at various places, meanwhile completing his studies at the Hungarian language and history department of the Lajos Kossuth University of Sciences in Debrecen. He was the secretary of the Young Writers' Attila Jozsef Circle. He has lived in Keszthely since 1983. His work "... And We Are Here Now" appeared in 1983, followed by "Candlelight Waltz," "The Dignity of Desperation," and finally his novel "Meetings With an Angel." Since 1985 he has taken an active part in Hungarian intellectual and political life. Much of his time has been devoted to the Hungarian Democratic Forum [MDF] since the fall of 1987. On 11 March 1989 the first national convention of the MDF elected Csegey a member of its presidium by casting its largest number of votes for him. He is in France now at a Central/East Europe conference on the Danube River. He is the guest of the mayor of Strasbourg. In this interview he expresses his views primarily about the MDF, and also about Hungarian reality and politics.

[UJ FORUM] The MDF held its first national convention on 10-11 March 1989. Delegates conferred there on behalf of 13,000 members. Please tell me about the movement's membership, its social composition and the regional distribution.

[Csegey] The MDF started out as an independent movement in 1987 at Lakihegy, as a society of the intelligentsia. As it evolved, however, and particularly since September 1988 when it became possible to become a member of MDF—ever since the MDF has functioned as an organization—the ratio within the membership has varied. Today the intelligentsia comprises about 60 percent of the membership, while 40 percent of the members are from other strata of society. Certain strata, such as educators and small entrepreneurs are particularly interested in the Forum. This is noteworthy because although the Smallholders party has been functioning for quite some time, among small producers and in general, among the country intelligentsia the MDF appears to enjoy great superiority.

The MDF attracts a relatively small number of young people. This can be explained. Today's young people in their twenties are in such a bad and hopeless situation that the program of a future party in the center of the spectrum cannot be sufficiently radical. But I believe it will turn out that not one of the political factors offers a program which is radical enough for them, a program which can solidify their situation in a future Hungarian parliamentary democracy. Youth has no time to wait for an era when this country is built to conduct itself in a democratic manner and at the level of European standards. Waiting means waiting until they are 50 or 60 years old before they acquire an apartment, have children and establish an existence—having a secure background—so that they can undertake greater endeavors, such as dealing with the country's affairs. They do not have the time required for serious political thought, allowing them to mature and produce results. We took

these matters into consideration and it was painful to accept this fact. Youth will emerge with demands, and if these demands are not met, not only will there be 3 million beggars in this country in 1 year or 2, there will also be 10,000 Raskolnyikovs. God save us, and the youth from that possibility.

We have about 5,000 or 5,500 members in Budapest, and 7,500 or 8,000 in the countryside. Still, these numbers show a preponderance of Budapest membership. I must add here that we are still at the beginning of our organizing work. Just think, it hasn't been a year since the MDF amounted to only a 9-member friendly circle, and the Hungarian government spokesman could afford to say something to the effect that he was unaware of the existence of the organization. Today we have 14,000 members, almost 400 operational groups in the countryside. This fact speaks for itself.

The Forum represents a moderate political force, and it will remain just that. We intend it to become a national democratic party in the center of the political spectrum.

[UJ FORUM] You adopted a program at your first national convention. What do you feel is important in that program, what should be stressed and reported?

[Csengey] Any political program must begin with the recognition and reporting of the Hungarian crisis. We feel that undoubtedly there is economic crisis in Hungary, that undoubtedly there is a political crisis, and that undoubtedly we are experiencing a crisis of the legitimacy of the system that exercises power. And this is where the political crisis originates. But we believe that there exists an even deeper crisis which has its origins from before. We are talking about a national crisis, the crisis of the nation, about the crisis of a nation which does not want to increase in numbers, the crisis of a nation in which self-destructive habits have reached mass proportion, the crisis of a nation which has no vision of itself as a nation, as a unity, as a whole. We are talking about the crisis of a nation which was broken into pieces by history, whose significant parts were pushed beyond our borders by the shameful Trianon peace treaty, and whose members, to a significant extent were chased to the West and in every direction of the compass by the crises of Hungarian history and of Hungarian political life. We believe that the Hungarian crisis cannot be treated and cured merely by political means, that at this point we must take the crisis into our hands, and that from this point on we must begin to reconstruct the nation's intellectual, moral, spiritual, and economic life. A huge reconstruction effort must begin, but at the same time we must be aware of the catastrophic fact that the Hungarian economy is about to collapse, and that it is rather hopelessly trying to reach out to Europe. This thought explains why our program does not start out from the economic and the political crisis, and why it endeavors to integrate all issues into a concept of greater

breadth. We are being accused of choosing rhetoric instead of a search for real political alternatives. Our accusers are mistaken, I am offering this thought about the national crisis to them.

Accordingly, our program deals with reconstruction, a national reconstruction that has moral aspects, and one which has huge tasks in the sphere of historic rehabilitation. The result of that reconstruction must be that Hungary once again is able to become the motherland of Hungarians throughout the world, a role it failed to perform for 40 years. And only after that will we reach the point of needing a prosperous country which commands respect, a Hungary that can conduct itself according to European standards in the framework of a parliamentary democracy in a multiparty system. This is the order of progress, and this should not mean that we underestimate any one of the items on this list, that we would try to avert any of the challenges by preferring to pay attention to other challenges.

At the moment, no one intending to become a political factor could have a different program. This is the grass-roots system by which a multiparty parliamentary democracy, an independent self-administration and independent self-government are built. It is a political program which clears away political barriers from the path of organic economic development—the political barriers which brought Hungary to the brink of economic collapse. We must establish an economic structure in which every Hungarian forint can be responsibly accounted for. The first and unavoidable part of our economic program is proprietary reform. We need a new property law, a new land law. We do not have in mind a bourgeois liberal capitalist economy. We find it conceivable that there exist forms of social property suitable for rendering all means of production—land, machinery, money—as capital, but in a way so that the principle according to which the Hungarian people own everything that exists in this country, may be enforced directly. This may be one of those elements which provides real content to the political democracy whose institutional system we seem to discover in a parliament based on the representation of several parties. I envision the Hungarian economy as one in which a narrowly construed state property guarantees the fulfillment of tasks which are state functions everywhere in the world, such as transportation, mining, and certain branches of heavy industry. A somewhat broader, but still relatively narrow private sector would provide various services and perform infrastructural tasks. And finally, there would come about the colorful, rich system of a variety of social forms of property, in which social property rights may be enforced at any moment. This would serve to control the democratic institutional system and would also be suitable to permit all productive forces and all means of production to emerge in the economy as capital.

In speaking of a market economy we would also like to see the cost of labor become a market factor. There is a need for independent and strong trade unions so that the

great mass of wage earners and salaried persons may establish the price of labor at levels demanded by existential conditions, so that labor becomes a market factor which cannot be circumvented, just like raw material prices, energy costs, and the price of imported materials. In other words, no one should be able to make calculations in the Hungarian economy on the basis of breaking wages and pushing wages below the existential minimum. If there exist strong, independent trade unions, wages can be kept at levels which permit [a worker] to make a living, and one would have to consider wages in a way one must consider any other fact of the marketplace. I am not an economist, but the basic issues may be understood from what I said.

Today everything is to be accomplished in the political sphere because we are living under the wreckage of a political system alien to the nation, one that destroyed all economic rationale and all organic economic functioning, and lost all legitimacy. Any and all construction may begin by removing the wreck. It is no coincidence that independent movements do not present details, coherent and thematic government programs. They do not, because within the present political institutional system there is no opportunity for such programs to govern. In today's political institutional system only the MSZMP [Hungarian Socialist Workers' Party] government program can prevail.

[UJ FORUM] Would not this "holding back of a program" present a threat that in an election, based on scant knowledge, citizens would not know on what basis to choose?

[Csengey] I do not believe this threat exists just because organizations are holding back with their programs. I believe instead that at the next election the big question will be whether there is an opportunity to ask more specific questions, for example the basic question of "MSZMP—yes or no." Personally, I do not view [voting on the basis of] this choice as an appropriate election, and therefore it is important that, having gained strength and membership, independent political movements stand for the next elections with clearer programs, distinct from one another. In my best judgment, neither can the reform wing of the MSZMP expect anything else. I believe that at the moment the MSZMP reform wing needs strong, independent movements just as much as independent movements need to be strong. It is of course debatable where one draws the line within the MSZMP between the reform wing and the fundamentalists. For years we have been confronted with this issue: what means more, Hungary or the MSZMP? If one can have only one of the two, which one is more important? Well, this is where I draw the dividing line. We must accomplish by all means that Hungary is not lost, that it does not crash into pieces just so that an ideological fiction remains unharmed. It is with this reform wing that I sense to have common goals and common visions, even if the remark attributed to me a few weeks ago by the press is not true. According to that attribution the MDF

would support the policies of the MSZMP reform wing. The MDF does not support the MSZMP reform wing. Simply put, the situation evolved in a manner so that regarding a few matters, the Forum, the rest of the independent movements, and the MSZMP reform wing represent identical interests.

[UJ FORUM] Does this commonality of some interests also offer itself as a basis for coalition?

[Csengey] No. At the moment there can be no coalition. Coalition is one possible strategy available to the democratic political structure, but there is no democratic political structure at the moment in Hungary. A coalition becomes conceivable after the first free and equitable election, at a point when election results have made clear to all political factors the standards to which they must measure their political ambitions, when the election results define the relationships of power within the coalition. Many are able to perceive that at a national roundtable conference—one that may be convened even in the near future—some kind of agreement on a coalition may be reached. We cannot perceive such a situation, because we question the legitimacy not of the MSZMP only. The legitimacy of all organized political factors that exist today is questionable. In the course of 40 years the division between Hungarian society and Hungarian political society has become so deep that today not a single political formulation—moreover, not even all political formulations together—can feel that it can bargain at the negotiating table based on a mandate received from the Hungarian people, representing the Hungarian people and under the authority of the Hungarian people. Under no circumstances would we be part of a bargained coalition agreement which was once again conducted and reached without [the involvement of] the Hungarian people, and above the heads of the people. This could also be a dangerous adventure—not only for us, but for everyone—because it could happen very easily that while bargaining, the process could be broken by spontaneous mass economic demands and insurrections. This is why we recommend and deem necessary the convening of a national assembly to frame the constitution. Not only because we believe that the composition of today's parliament does not express the political stratification of today's Hungarian society, but also because we are searching for a method by which every Hungarian citizen entitled to vote could be assured of at least indirect participation in laying the foundations of a new political era. No other agreement would have the appropriate credibility, the needed solidity to survive those terribly difficult few years we are facing. Therefore, when I say that a coalition today is inconceivable to us, this does not reflect even a lack of confidence. To this I must add two thoughts. First, as of now, no negotiations between the MDF and the MSZMP have taken place. When these negotiations [as published] took place somewhere in a bush, we responded that we were just one week away from our national convention, and that there was a question whether the mandate of the provisional presidium would be confirmed. Accordingly,

we felt that we would have to wait until the national convention was over, and negotiate afterwards. The inviting party maintained its invitation even without our authorization. We accepted this—the persons were Zoltan Biro and Istvan Csurka—so as not to reject a suggestion for negotiation in a rough manner. But at the discussion our representatives emphasized that this could not be regarded as the beginning of negotiations between the Forum and the MSZMP, and agreed that such negotiations would take place after the national convention. Second, I do not know what agreements other independent movements reached, but insofar as we are concerned we cannot accept all kinds of camarilla politics or camarilla bargaining. We feel that negotiations must take place in the open, that bargaining must be a public matter. We will participate also in roundtable conferences under these conditions, if such conferences come about. In other words, we would not agree to keep any part of the debate secret. Our position and the position of the MSZMP representatives—Gyorgy Fejti and his associates—may be brought to a common denominator with some effort, except in one matter: the views concerning the present parliament, and the chances of convening a national assembly to frame the constitution. That is, we believe that this parliament cannot accomplish the work involved in framing the constitution. The forcing of this issue also may raise questions about the seriousness of convening a national roundtable conference. We rejected the New March Front recommendation for a national committee because we could not perceive a national committee in which every mass-based organized political factor participates as an equal party, while at the same time, this national committee is only an advisory body to a parliament in which one of the roundtable participants enjoys a 74 percent absolute majority. This would place every reference to equal rank and equal rights into quotation marks. So this is the difference of opinion between the two of us. Gyorgy Fejti has announced publicly on television that he does not wish to argue whether this parliament has a right, a moral basis, or the authority to adopt a constitution and various fundamental laws. And in this way we are unable to perceive a roundtable conference.

[UJ FORUM] The MSZMP program proclaiming "upswing, democracy and socialism" appeared during your national convention. What is your view of that program?

[Csengey] A person would have difficulty proving with historical arguments that this program was [truly] the MSZMP's program. The way I view and see it is that the program was received by the people throughout the country much more as a testimony of belated admission than as a manifestation, a real political program. After all, if we look at the details we may ask this question: what part of this program did the MSZMP not stigmatize as heretic even a year ago, or did not sweep off the political scene? To this we must say that the program contains no such part. Nothing [original] would be left of

the program if we were to compare this program with the programs of the MDF, the Free Democratic Alliance and FIDESZ [Association of Democratic Youth]. Accordingly, I must say that our program has become a government program already without ourselves having gotten a single step closer to the control or distribution of power. In this situation the attempts of various independent movements to issue detailed, systematic government programs may qualify as writing college term papers. This is not what today's situation requires from independent movements.

[UJ FORUM] At its national convention the MDF adopted bylaws. What do you consider as important in these bylaws insofar as democracy, democratic establishments, methods, and human relations are concerned?

[Csengey] Independence, the freedom to discuss local politics is far greater in MDF local organizations than it is in MSZMP organizations. This too causes difficulties by now; we receive word from one after another of our groups in the countryside that the MSZMP local leadership is initiating negotiations in regard to certain local political issues, and that it is initiating the formulation of an agreement on joint strategy. This is a positive phenomenon, and our local groups do not reject it. But if there comes about an agreement, for example here in Keszthely, between the MDF Keszthely group and the MSZMP Keszthely leadership, our group may confidently commit itself to such an agreement, and will be able to pursue future political discourse consistent with that agreement. Nevertheless, as long as the principle of democratic centralism prevails at the MSZMP, the party secretary in Keszthely cannot be certain whether he will be able to abide by the agreement 2 weeks or 2 months from now. At present local party organizations are not sufficiently free, not sufficiently independent to permit negotiations initiated by them to become serious. As a result of some spasm, rather than fully thought through constraints of adaptation, they wish to follow the new political direction of MSZMP headquarters.

It is not worth further discussing the bylaws, because it is publicly known that the national convention instructed the MDF presidium to establish within 2 months the organizational conditions for the MDF to function as a party, while at the same time maintaining the intellectual movement. There will be a party and there will be an intellectual movement within the MDF. This is a rather difficult undertaking, for which there is no precedent in Hungarian political history. It will affect primarily the foundations of the charter, and will affect the program only to the extent that various points will have 2 directions, although saying much the same thing. Future bylaws must provide for this dual possibility. But this will be a democratic charter, it will stress the autonomy of local groups, and also the fact that the MDF will not be the vehicle by which the directives of the presidium are implemented. Instead, the MDF presidium should be the implementor of ideas that emerge from the MDF groups and membership. And one more thing: perhaps

the other matter in which we differ from the MSZMP is that our small groups are functioning. And this must stay that way. One should note that any central direction will sooner or later wither away the kinds of things the MSZMP calls base organizations and what we call local groups. I believe that the only truly credible political thought, strategy, and tactic is one able to permit conversation turning serious among two friends, one that can be taken seriously by two persons conversing, and one which two persons can perceive for themselves as a political opportunity. The moment this situation ceases to exist, the political movement as an idea is dead, although the organization itself may live for hundreds of years. But we do not intend to die at this point, we want to be strong in national politics.

[UJ FORUM] Thank you. Have a good trip and a nice return!

UJ FORUM Welcomes Exchange of Views
25000258b Budapest UJ FORUM in Hungarian
Vol 1 No 1, May 89 pp 29-30

[Editorial: "Let's See Them, and Let's See How They See Us"]

[Text] It makes us feel good that Denes Csengey accepted our suggestion to report on the pages of UJ FORUM on the main features of the MDF [Hungarian Democratic Forum], and to discuss his own views about the MSZMP [Hungarian Socialist Workers' Party] program. His willingness confirms our hope for a proper relationship of mutual recognition of good intentions and decency, and that dialogue based on rational arguments, dialogue which is therefore mutually useful, can exist between political debating partners.

Among the most important experiences of the recent past two decades, self-control is never enough for the normal functioning of political organizations. Disregard for external criticism—particularly if such criticism is coupled with restrictions and muzzling—leads to severe internal distortions. This is why our editorial office endeavors to make the voice of the rest of the movements, the leading personalities of parties, heard regularly on the pages of this newspaper; let's see them, and let's see how they see us.

One cannot expect them to consider us prettier than we are, and it would be unfortunate if this column would become a theater of mutual admiration. Most certainly, many of our leaders will hiss when they reach that part of Csengey's thought process in which he states that "we are living under the wreckage of a political system alien to the nation, one that destroyed all economic rationale and all organic economic functioning, and lost all legitimacy. Any and all construction may begin by removing the wreck."

Our Political System: Is It Alien to the Nation?

But our dear reader should not hiss, instead he should ponder what prompts Denes Csengey to state his view in such a direct manner. He does so obviously because of the fact that the political system introduced in 1948 did not evolve in Hungary as a result of domestic organic development, but as a copy of the Soviet model. Moreover it was an overly zealous servile copy, which outdid the Polish, Bulgarian and GDR models. Another matter [that must have prompted Csengey to be so direct in his statement is] that until most recently the system—as opposed to economic reform experiments—did not change in its substance, even though one could argue to what extent the foreign model remained alien to our nation in the course of decades. (It would speak for the system, for instance, that even Laszlo Nemeth and Gyula Illyes were able to coexist with it—and against the system that it was abundantly alloyed with the distorted domestic traditions of the "country gentleman" mentality.

A more essential counterargument emerges as a result of the fact that by now—true, it has not been a year yet—we are living in a new and different political system.

All comparisons aside, it would be a mistake to accept Csengey's words verbatim—and to turn these words against him from the standpoint of rhetoric—when he talks about Hungarians living under a wreckage. Our view will not be perfect either, we will chance it nevertheless: in our view there is no wreckage in Hungary. The distinctive, peculiar feature of Hungarian development is that its starting point is not the charred ruin that was left after the explosion. We are rebuilding our nation's home while there is a roof over our heads, the light turns on and water is running from the faucet. And we are very careful about avoiding an explosion, so that we need not start everything with the removal of wreckage.

And what we are building our country into is not only not alien to the nation. Just how singularly unique Hungarians are has been acclaimed internationally.

Hungary or the MSZMP?

It is clear that, like all other responsible actors in public life today, Denes Csengey is guided by the same sober consideration. He too emphasizes, "we must accomplish by all means that Hungary is not lost, that it does not crash into pieces." True, he then adds, "that it does not crash into pieces just so that an ideological fiction remains unharmed," notably the ideological fiction of the MSZMP. The way he sees it, the question, "what means more, Hungary or the MSZMP?" must be answered by saying that Hungary is more important.

And in this regard we must fully agree with him. But certainly, he too will agree with us if we say that the answer should be the same to the question "what means more, Hungary or the MDF?"

We cannot find any legitimacy in posing this question relative to the MDF. We feel that the program proclaimed by the MDF and which Denes Csegey related to our readers is a realistic alternative developed in a sober manner, and that it can be a well founded starting point for societal debate. It contains nothing that would make us scream, "either Hungary or the MDF!"

On the contrary, it is our pleasure to learn the number of essential similarities between our two perceptions, ranging from the construction of societal autonomy to the conception pertaining to forms of ownership (even if on occasion we would emphasize other things, or would see the sequence of priorities differently).

We are pleased to come to believe from Csegey's statement that according to him, it is similarly untimely to force the issue of "Hungary or the MSZMP?" This is even more so because he conveys a clear sense that the programs of the MSZMP, the MDF, and the SZDSZ [Association of Free Democrats] and FIDESZ [Association of Democratic Youth] are too closely related to each other to permit any of these organizations to eliminate any of the other organizations from the nation's future.

Let's Join Hands, Let's Make It a Reality

True, Denes Csegey mentions the above in the context that actually, the MSZMP put together its present program on the basis of the demands posed by alternative organizations, even though barely a year ago he stigmatized these same demands as heresy and swept them off the political arena. It cannot be denied that the MSZMP used as its source the greatest variety of thoughts advanced in the framework of Hungarian political and intellectual trends, nor can it be denied that prior to May 1988 the party leadership would have been intolerant with regard to a program of this kind.

Except for the fact that originally the MSZMP promised, as the sole party of the nation, to be open to any constructive recommendation; it would even accept the role of being its own opposition. The earlier party leadership may be blamed for the fact that this promise was not fulfilled, but the present leadership can hardly be blamed for being so open and for paying attention to its every value.

On the other hand, thoughts in general usually have a long history. And if we were to press hard on this issue, we could point out the sources of almost all the identical programs in the works of authors whom the MSZMP can confidently show as being part of its own intellectual family tree. The ideal of an autonomous society belongs to Marx, the idea of pluralistic proprietary forms came from Lenin, and the program of a "new type of democracy" within a multiparty system can be found in the Hungarian Communist Party's 1945 program....

It makes no difference—to quote Csegey, who put it on paper first—that we "need a strong, prosperous country which commands respect. "Let's join hands and let's make it become a reality

Preparedness to join hands is not missing from Denes Csegey's statement either, but the way he sees it, the MSZMP is not unified. Only with its reform wing could one seek common interests, and even with the reform wing, only after disbanding the present National Assembly, and only after new elections. Well, if we are correct, the MDF is even less unified, so much so that within its framework various parties and the members of other organizations unite. Nevertheless we would find its cohesive force sufficient to be suitable for cooperation. Disbanding the National Assembly constitutes a separate problem, the merits of which can be hardly dealt with here. Nevertheless we would call attention to the fact that according to a late January 1989 survey conducted by the Public Opinion Research Institute, a majority of our citizens find that from among the chief political institutions of the country, the activities of the National Assembly serve the benefit of the people most. Even if we agree that this good news is not deserved in every respect, one cannot disregard it under democratic conditions.

Common Benefit

We hope that Denes Csegey will understand the intentions which lead to the drafting of these words, and perhaps they will not be useless for him either, if he is confronted with arguments presented by others while he is developing his system of arguments. We found more than one of his arguments educational, for instance his comparison in which he contrasts MSZMP basic organizations to the local groups of the MDF. And with this note we are far from regarding our dialogue as complete. If he finds that we misunderstood him, or, perhaps misinterpreted his words, or if one of our substantive findings does not correspond with facts he is familiar with, we are prepared to receive his response, just as anyone else's comment, anyone who has something substantive to say about the above problem.

The Editor

Attempt To Create MSZMP Reform Wing
25000259a Budapest UJ FORUM in Hungarian
Vol 1 No 1, May 89 p 15

[Text]

Wings

"I. Statement

1. The MSZMP [Hungarian Socialist Workers Party] Reform Wing was formed by the undersigned on ... 1989."

This is how the draft whose duplicated copies are being circulated and which states the viewpoint of its writers on 13 typed pages, in 5 chapters, and 57 points begins. Any of the points of this platform, addressed to MSZMP members "committed to a radical economic, social, and political reform," is appealing (at any rate, deserve consideration and debate) for those intending to join. Yet perhaps most appealing is that the initiators, who wrote and stand behind this *Statement*, had enough of the flood of standpoints from the MSZMP's higher echelons, and decided to take action so that the party leadership would in turn take action DD or a newer standpoint.

There is just one small thing to which we would like to call the attention of the authors of intended founding document. The pro-reform party members sensitive to style will presumably object to the term 'wing'. They may have several reasons for this. For instance, that the term ('reform wing') is correct as long as it indicates separation (from, let us say, the party's conservative faction) in terms of an intellectual or political trend. But let us acknowledge that the capitalized term 'Reform Wing,' denoting an organizational and institutional delimitation is a linguistic blunder. It loses its figurative meaning, becoming "reincarnated" as it were. And then it immediately reminds us of a well-known and varied anecdote from party history. Whenever the party center launched an attack against "revisionist"- or "dogmatic"-leaning fronts, talk revived about the dozens of worn-out Lenin volumes in libraries which ideologists, working industriously on "the scientific foundations of politics" to theoretically prove party unity, combed line by line to find Lenin's alleged thesis, that "the party is not a goose with two wings".

Or is it?

MAGYARORSZAG Deputy Editor Varnai Views 'Fundamentalists'

*25000259b Budapest UJ FORUM in Hungarian
Vol 1 No 1, May 89 pp 16-17*

[Article by Ferenc Varnai, deputy editor of MAGYARORSZAG: "Fundamentalists"]

[Text] More and more often lately one hears that the fundamentalists (or, as one of my colleagues has nicknamed them, the "fundies") are leaving the MSZMP [Hungarian Socialist Workers Party].

More and more, I am pondering who they are and how many there could be in the party. And where they should go; should they perhaps "form another party"? And then should we regard them as opponents or as the "sister party" of the recently formed Social Democratic Party? And should all of this happen immediately or should they be given an extension?

According to the Dictionary

This is where I stood in my fuming when the committee preparing the new draft of party regulations published its concepts of in-party freedom of platform in the 17 March NEPSZABADSAG.

I sympathize with the proposal which seeks improvement with internal party democracy, that is, to make the party function not through orders from above but according to the will of its membership. However, I find it hard to reconcile this concept with the demand made to "fundamentalists" [to leave the party], just as I would find the demand made in terms of freedom of platform for the "reformers" to leave the MSZMP, unacceptable.

According to the dictionary, fundamentalists are those who demonstrate a rigid and rejecting attitude toward any criticism concerning the Bible or the natural sciences which question certain biblical revelations. The term also applies to devotees of Islam who rigidly adhere to the Koran.

But who should be considered a fundamentalist in the MSZMP?

Perhaps, on the basis of some kind of ideological hierarchy, those who dogmatically adhere to the teachings of Marx? Or perhaps the blinded and anachronistic followers of the distorted Stalinist coercion extolled as socialism? Or some party veterans who, if only because of their age, are unable to keep up with the modern requirements of our world, comprehend many things in an old-fashioned way and, after 40 years of single-party rule, find it hard to come to terms with the changes brought by the multiparty system, announced just a month ago? Or should we include those who want peace and order or, in a broader sense, those who are not daring or devoted enough in following the reform policy? And since we are talking about a united party, which includes the members of the one-time Party of Hungarian Communists and the Social Democratic Party, does this term apply to the members of both or just one of those parties? The MSZMP's reorganization after November 1956 (even if some still question the justification for it) was accomplished on the basis of unequivocal principles. Those members of the original parties who accepted the resolution regarding the four causes of the events were allowed continued membership in the new party. And all were even given 6 months to think it over, for, if I remember correctly, the grace period lasted until 1 May 1957. Where, and based on what principles, should the line be drawn today on whom should be let go? And who is to draw that line?

A Dwindling Membership

These are questions awaiting clarification, questions which much of the membership finds hard to keep track of, and left without answers, they are reduced to conjectures.

For lack of clear definitions, such qualifications may again be degraded to deleterious labeling. For how often has the party been "divided" into sectarian "19-ers" and those keeping pace with the requirements of the times; into "Muscovites", "communist partisans in Spain" and "native sons"; into original Communists and "only Social Democrats"; into revisionists, sectarians, and bifrontals; into national communists and Eurocommunists; into liberals and Stalinists; and now, into reform communists, centralists, and fundamentalists.

Without clearly defined criteria, it will remain uncertain not only which but also how many party members should leave: 50,000, 100,000, or 300,000? And who should stay in the MSZMP: the radical or less radical reformists, the centralists, or those who worry about the possibility of anarchy? But then, the party membership is rapidly dwindling as it is. Almost 100,000 members have already resigned, and the MSZMP membership has been reduced to about 750,000. And if this continues, a power vacuum could be created, for most of these people, disillusioned with politics, probably will not join another party.

However, what disturbs me the most is that although the MSZMP has drawn from all social strata, it has always been the workers who constituted its foundation. Shouldn't we be afraid that because of the conditions that result from profuse rhetoric and, for the time being, that create only increasing problems for them, they will be the ones to leave the party in greatest numbers? And then who will constitute the base of the residuary party? The intelligentsia, the men in the street? But then, it was precisely at these strata that the new parties and organizations took aim. These questions must be dealt with, if only because some of the various alternative factions are striving for the division of the MSZMP into three parts (the "Conservative Order Party", the "Moderate Order Party" and the "Socialist Reform Party"), to thereby increase their own relative importance.

The Accelerator and the Brakes

It is all the more important for the party to determine through democratic debates (and not by dictates from above, or even worse, from the outside) basically what it requires of its members in this new situation. And on this basis, then, the individual party members must decide whether or not they want to live up to these requirements. This, of course, will not exclude the need to eliminate the party's burdens through individual evaluation of corrupt party members, those responsible for unlawful acts, those making irresponsible and harmful decisions, and those who cannot free themselves from their aggressive administrative style. On the other hand, those who urge deliberation or fear the possible danger of anarchy should not be pushed away, for in today's rapid flow of events the party needs not only those who step on the accelerator but also those who apply the brakes.

We are not living in a time when we can or should argue about the division of "glory", e.g., whether it was the Social Democrats or the Communists who made better socialism. Unfortunately, nowhere in the world has social democracy been able to surpass the capitalist system, and although the Communists have been successful in seizing power in a dozen countries and in developing new forms of ownership, they have been unable to operate them efficiently and guarantee broad democratic human rights. Therefore, even though we have gained important experiences for our socialist future, the longer and harder part of the road is still ahead of us. And, for this, we need to combine all the forces that are ready to draw conclusions and serve the desired change.

If we really want to make the MSZMP a party that engages in politics, struggles to gain the trust of society's majority, is ready to face the threatening economic crisis, respects human rights more than anyone else, promotes equal opportunity, and fights for an attractive socialist system, then we must begin our patient work of enlightenment with the membership; with that membership which accepted great sacrifices in the past decades in hope of a better world, and which probably was least instrumental in many of our hopes failing to materialize. The understandable risks of an untrodden path notwithstanding, the responsibility lies primarily with the leaders and ideologists as well as the functionaries and journalists (myself included) who propagated sometimes unrealistic hopes and wishes with sincere faith.

With Conviction

The party membership was ignored in the previous definition of party unity and was sometimes also seriously abused under this definition. However, this should not now lead us to the conclusion that there is no need to develop unity in debates and actions. As many people as possible should be convinced that there is a need for change, and that we cannot overcome the economic problems or the crisis in trust and cannot beat new paths leading to democracy, constitutionality, and true socialism in the old ways.

There is a need for open, democratic, and argumentative debates, for adherence to jointly developed regulations and last but not least, for more patience, not just outside the party but also within, in our own ranks. For we can compete with the other parties only with the support of the membership's collective will; this is the only way to assure that the MSZMP will remain significant and that society's development will remain socialist.

Freedom of Platform vs. Freedom of Thought
25000259c Budapest UJ FORUM in Hungarian
Vol 1 No 1, May 89 p 17

[Text]

Freedom of Platform and Party Discipline

"Subversive elements have already surfaced in our party. We will sweep them out. We will not allow our party to

be pushed toward an abyss." (Shouts in the background: "That's right!"). "We will not tolerate playing factions ... Everyone in our party may present arguments and voice his opinion but we will not be taught about democracy by those who came to us from the MSZMP [Hungarian Socialist Workers' Party] two weeks ago!"

(Tibor Baranyai's remarks at the national recruiting congress of the Social-Democratic Party of Hungary. REFORM, 10 March 1989)

[Question] Nowadays when even the MSZMP is talking about "freedom of platform", do you not consider the standpoint of the Smallholders' Party leaders too rigid?

[Answer] One is either a member of a party or not. Young people coming from the various alternative organizations do not have any political experience. Yet I did not see much enthusiasm in doing their own duties either. While 6,000 members have been recruited in 120 towns around the country, the Budapest office is doing well with "results" of less than 400. To return to your question: one of the few things in which I agree with the communists is party discipline."

(Peter Vincze's interview with Tivadar Partay. REFORM, 17 March 1989)

The limitation of freedom of platform is generally designated by the given party platform, congressional resolutions, and the party rules that are in effect.

This means that the differences of opinion, also manifest in the platforms, can be formulated during the approval of the basic documents mentioned. (It is natural, nevertheless, for these to be the subject of internal party debates during the preparation period for the congresses.) This is how unity in the party's political line and the latter's party enforcement can be created, setting the limits of and, at the same time, allowing room for continuous political debates on the mode of action.

The purpose of limiting the freedom of platform as sketched above is to avoid any abuse of democracy and to assure that the same rules apply to everyone. For this reason, the political and ethical norms, which we in the party consider binding, must be worked out in detail.

(The debate agenda of the committee drafting the MSZMP's new party rules. NEPSZABADSAG, 17 March 1989)

New Party Monthly Presents Reform Circle Views

Vas County

25000260 Budapest UJ FORUM in Hungarian
Vol 1 No 1, May 89 p 11

[Unattributed report: "The Vas County Regional Reform Wing"]

[Text] As the organization that inherited the mantle of the Hungarian Workers Party [MDP], which in turn was created by unifying all workers' parties, the MSZMP

[Hungarian Socialist Workers' Party] must bear an incomparable share of the responsibility for the events of the past historical period, and this responsibility cannot be evaded. At the same time, we are convinced that this responsibility does not apply to all members equally, because of the party's antidemocratic operation and structure, and that the severe moral political burden of this responsibility can credibly be taken on only by a political force that is able to realize its seriousness, derive conclusions from it, and stand up to its inherent consequences.

It is with this intention that we create the MSZMP's regional reform wing in Vas County, and join the ranks of other similarly conceived bodies organized by party members in other regions of the country.

We are conscious of the fact that, in addition to the compromise-filled achievements, which a realistic observer would judge to be positive, we have also inherited the duty to correct the mistakes made during the period now coming to an end, and we cannot ignore this inheritance. Thus, we openly declare our opposition to every mistake and corruption of the past, the dogmas and institutions that made the burgeoning of these mistakes possible, and the political groups and individuals that maintained such institutions and placed their own interests above those of the nation. With most of us belonging to the younger generations of the party membership, we declare our open solidarity with those whose past internal struggles (often pronounced hopeless) enabled us to resist the mercilessness of the mechanism and survive years of oppression. They are the same ones whose brave struggle for socialist principles enabled us to maintain a certain continuity with the past. We respect their moral and political courage, and we also accept as partners their sympathizers who were existentially pressured into remaining silent.

At the same time, we are convinced that the tempo of creating national unity cannot be limited by the tempo of renewal within the party, because, in addition to the conservatism of institutions, our clarifying debates can also be dragged out by the struggle for positions. For this reason, we will all maintain our membership in the basic MSZMP organizations, while at the same time developing our own democratically operating forums and organizations suitable for carrying on a dialog with society's politically active groups. In our present crisis situation, we can use the party's reform wing and the social forces collaborating with that wing as bases for creating the conditions for a transition toward broad democracy and a consolidated political turn of events.

This regional reform wing defines itself as an intellectual political movement. It rejects the values of anachronistic class considerations, and its operation discards every element of democratic centralism. It will ensure the societal openness of its activities through its spokesmen.

We deem it necessary to announce that we identify with the action program and goals accepted at the 7 March 1989 meeting of the MSZMP CC [Central Committee]; however, we would like to make our own contributions to the organizational guarantees of that program's realization.

With the publication of this memorandum, the regional reform wing has begun its operation.

We may be contacted at the Vas County branch of the TIT [Society for the Propagation of Scientific Knowledge], (Attention: Reform Club), 2 Koszegi Street, Szombathely.

The Regional Reform Wing, Szombathely

Csongrad County

25000260 Budapest UJ FORUM in Hungarian
Vol 1 No 1, May 89 pp 12-13

[Unattributed report: "The Theses of the Csongrad County Reform Circle Concerning the Document Titled 'What Does the MSZMP Want?'"

[Text] 1. The introduction to the program must contain passages in which a break with the past is announced, and the party's previous activities are critically evaluated. Without this, the announcement of new intentions will have no credibility!

We must clarify our relationship not only with the reform efforts of the 1960s, but also with the reform-communist inheritance, trends, and personalities of the 1953-1956 period! We must decisively accept identification with the reform-socialist inheritance and the personalities representing it!

2. As for the present, we must consider all mechanisms, points of view, and objective (or objective-appearing) factors that hinder the realization of new goals as they have been formulated! Nice words alone cannot win over this society, which is in a crisis mood and has reached the limits of its tolerance. For example, the declared spectacular social goals are obviously discredited and false as long as the government, under the oppressive burden of indebtedness, pursues the present restrictive, all-withholding economic policies which reduce the standard of living.

3. Even in a program for the immediate future, the party cannot sidestep the reform of ideology! This program evidently strives to remain free of ideology and ideological connections. For example, the passage referring to a "nonclass-based . . . Marxist reform party" is unclear. There are also a number of other places characterized by a lack of clarity and confusion.

4. The old class approach belongs to the past. However, our Socialist party cannot strive equally to win every strata of society. It must find its own social base! To be

sure, it is important to win over the elite, but, after all, the MSZMP should be the party of workers. For a long time, it defined itself as the party of the working class, while it operated primarily as that of the "cadres." Obviously, therefore, our worries have not been caused by the dominant position of the worker's interest in our society.

5. In their present state of hesitancy and loss of identity, the members could accept a new program only if they see it as the product of their own thought. The practice of retroactive approval is no longer acceptable to the membership. The program before us, which was prepared hastily, does not make clear what role it assigns to a possible party debate.

6. The program's acceptance should not be left up to an enlarged CC meeting; after a debate open to the entire membership, it should also involve discussion by a national party conference, attended by democratically elected special representatives! Party democracy must not be ignored just because we are in an emergency situation and do not have enough time! Without the members' actual involvement, it will be impossible to renew our party!

7. There was one point on which there was significant difference of opinion among the participants at the reform circle's debating forum: Some of them accepted the document before them as a starting point for a party debate, or even as material suitable for political action. In our view, the shortcomings indicated above can be eliminated by a party debate ending with an extraordinary party conference.

According to some participants, the document is not even worth debating; it should not have even been put before the public in its present state.

Szeged, March 23, 1989

On behalf of the participants in the reform circle's debate: Jozsef Geczi, Laszlo Kovacs, Jozsef Lovaszi.

Somogy County Leaders Speak

25000260 Budapest UJ FORUM in Hungarian
Vol 1 No 1, May 89 pp 13-15

[Miklos Karacsondi's interview with founders of the Kaposvar reform circle: Peter Maj, associate of the town's MSZMP committee; Balazs Meszaros, director of the county museum; Laszlo Stadler, associate of the county MSZMP committee; and Janos Szabo, director of the center for family assistance: "Instead of Political 'Mirages,' We Want Concrete Reforms!"; date and place of interview not given]

[Text] [UJ FORUM] There are those who look at the surfacing of reform circles with caution, as they are afraid that tension among the contrasting trends could lead to a party schism. How do you feel about this?

[Balazs Meszaros] In my view, the MSZMP is not a single, unified party, and never was one. The report filed by the historical subcommittee unequivocally reveals that, from its beginnings, two trends fought a latent struggle within the ranks of the MSZMP. One of these could be called Stalinist, dogmatic, or fundamentalist; it makes no difference what label we use. In addition, from the beginning there was a wing committed to the principles of democratic socialism, forced to wage a daily struggle for this commitment and achieving small successes and major setbacks in this struggle. I would prefer to call these the dictatorial and democratic wings of the party. The history of the party tells the story of their struggle.

[UJ FORUM] The Budapest reform circle also proposes that these two extreme trends are present in the party. Between the two we find the center, influenced by both extremes, and yet remaining politically quite uncertain.

[Balazs Meszaros] Indeed, there is an in-between mass, but it is not a genuine center that could provide character for the party. This is exactly the MSZMP's greatest problem: We have no idea how members of the majority feel. We should force the membership to make a choice and state their position. By their very nature, differences of opinion within the party give birth to various platforms, and whichever the majority of members choose will become the party's platform in the end. One thing cannot happen: This cannot be forced upon the party from above, as if it were a straightjacket.

[UJ FORUM] Obviously, the reform circles would prefer if the majority of members would choose their platform. However, what happens to those who cannot accept this?

[Balazs Meszaros] Those who cannot accept this, have a choice: They can leave or they can acknowledge the will of the majority and cooperate with it. It is too early to discuss this. The important thing now is that everyone, including those who hold views opposed to ours, has a chance to voice his opinion and convince the membership. We are convinced that the party is more likely to fall apart if no clear alternatives develop and the members have no directions to follow.

[UJ FORUM] The leadership is currently trying to hold on to every faction, including the extremists. What is your view on this?

[Balazs Meszaros] The leadership calls out to both wings, but it is impossible to keep such extreme opposites equally happy. Already, a significant portion of society is beginning to turn away from the MSZMP as a whole, because the party's surface shows only a murky confusion of ideas.

[UJ FORUM] Society is also suspicious of our reform communists. Many people feel that only the winds of political change made them change their positions.

[Balazs Meszaros] This is because we do not believe that they voiced similar views for the past 10 or 20 years, and only party discipline prevented them from speaking out publicly. After all, we obey party discipline, and plan to do so in the future. Now is the time for their reform concepts to surface, if it is not too late already.

[Peter Maj] It was easier to propose reforms from the outside. The party's dictatorial leadership was always more afraid of those who proposed new ideas from inside the party ranks.

[UJ FORUM] One of the most exciting questions of the coming period is this: How will society at large judge the reform forces inside the party? Conversely, party members are suspicious of the reform circles, because the latter's position scarcely differs from the reform demands formulated outside the party. What have the forces of reform achieved within the party thus far?

[Balazs Meszaros] They have managed only to change the slogans of the party, while its strategy and activities have barely changed.

Speaking of the Asiatic mode of production, Marx said that while history proceeded in Europe, people in the great Asian empires of despotism saw only "mirages." Just as history did not come to a halt for the sake of China's emperors, broad masses are now forced to experience history's influence on their own changing fate. Yet, when it comes to the struggle with history and their concrete situations, they are left to their own resources. Even party members are deserted.

Inasmuch as the MSZMP is the party of the workers (after all, even if this is based on an anachronistic and false worker's ideology that was left for us by the 19th century, the present authorities convinced workers that only control by the party elite can guarantee popular representation), the confusion is now greatest among the workers, who have been trained to believe the above assertions.

After all, it is not enough to acknowledge that the image of socialism we have proclaimed for decades is fundamentally flawed, while also saying that the faithful (who can only imagine a future on socialistic bases) should persist in their conviction; that, even though none of socialism's values has any actuality, the comrades should not even ask what those values are; and that instead of unproductive debates we should just work and move ahead. Ahead, but where?

[UJ FORUM] Is that the goal of the reform circles: To carry on theoretical discussions in the midst of accelerated political events?

[Balazs Meszaros] Theoretical clarification and the satisfactory definition of socialism's basic values are of primary importance. And this should not be done according to which country is being visited by members of the Politburo.

The next step is to work out the program of action to accomplish strategic goals. By this, we do not mean that programs created by top leaders should be "rolled through" the forums of so-called party debates, but rather that the membership should be presented with genuine alternatives. If this is combined with political agitation, then we shall see which faction is able to attract following by the membership . . .

[UJ FORUM] You feel that the membership and the leaders are not on the same path. Does the course of the reform circles represent a certain "third alternative?"

[Laszlo Stadler] We are not opposed to leadership. We intend to integrate the wishes of the membership and the leaders, but in such a way that reform should dominate. It appears that there are reformists even among the leaders, just as there are some party members who are opposed to reforms: There are divisions in both. We cannot say that the reform wing has been victorious within the party. It is more probable that we are facing serious political struggles.

Even if we have not yet been able to convince the leaders, our mere existence is likely to prompt them to more decisive action. A good example for this is the proposal on the freedom to create platforms. We waited ten months after the party congress accepted that proposal; after the reform circles began their activities, a proposal was born within about a month.

[UJ FORUM] If your goal includes agitation and the convincing of people, then it also means that you would like to reach out to the public.

[Balazs Meszaros] The comrades representing other extreme points of view were not satisfied with debating within their own cells; we also feel entitled to strive for the broadest publicity and attempt to win support for our views among the membership at large. We would like to become so much an organic element of the party that we would eliminate the need for our separate existence.

[Laszlo Stadler] We feel that we do what the entire MSZMP should be doing, but is not, because many people have trouble shedding the trappings of false unity. We also detect a certain suspicion, especially among the apparatus leaders. Their question is this: If they are not present at our meetings, then what are they, Stalinists, fundamentalists or dogmatics? Thus suspicion will survive as long as the party's top leadership acts as if we did not exist. A position that would acknowledge our existence, even if it did not agree with us on everything,

would greatly assist the growth of reform spirit in the thinking of workers. Currently, the situation is that, even though they sympathize with our views, they are afraid of us.

[UJ FORUM] In your view, why is the MSZMP leadership, especially the official apparatus, embarrassed by the appearance of reform circles and other similar platforms?

[Balazs Meszaros] It is in the nature of every authority structure to develop internal guarantees for its own preservation. In fact, it is not the units involved that are the primary protectors of the structure. The simple truth is that they cannot determine where to begin demolition: The structure is uniformly round and smooth.

[Janos Szabo] Despite its pledges to the contrary, the existing authority structure cannot successfully accomplish this demolition task on its own, while the reform circles can operate as catalysts in this process.

[UJ FORUM] What should be done? Do you have any concrete ideas?

[Janos Szabo] The existing "paramilitary order" must be stood on its head: It should not be the apparatus that decides on questions of politics. The apparatus' task should be to manage the party's affairs. Formulating the political course should be left to elected officials who are not paid by the party and who are not members of the apparatus. I would consider the proposal according to which the county's political course should be directed not by a first secretary but by a president chosen by the community, an individual of such prestige that he would be able to retain his professional status.

Current party functionaries, specializing in a limited sphere of activities, along with the permanent committees, should be replaced by ad hoc committees and politicians who are able to view the entire spectrum of political life.

[Balazs Meszaros] The apparatus, the party's institutions, the local cells, and the entire system as it operates, is a brilliantly created centralized model; it is in perfect accord with old-style party activities, directed from above, serving the apparatus' monolithic power and based on obedience. Vertical dependency prevails throughout the structure. Chances for horizontal organization are, or at least have been, nonexistent. The cells of membership have been isolated from each other. In fact, the system has served only one purpose: to justify and execute the aspirations of the leadership.

[UJ FORUM] Do you feel that the focus of political life, which until now has been declared rather than realized, should actually be shifted to the local party organizations?

[Laszlo Stadler] The only feasible means for pursuing this type of political action is through party organizations in the residential areas. We are not calling on the party to leave the workplace; on the contrary, we say that it should become as active there as it wants to, but not through its party cells. Until now, the workplace has seen only substitute political activities, fulfilling substitute functions in such areas as trade union activities, popular control, and proprietary management. The party's workplace organization had a say in everything, but it failed to perform its political functions.

Yet, the membership would not like to shift its area of activities to the residential sphere. Party work in the workplace was just too comfortable: There was a chance to become involved in everything, without having to face the consequences. How can we expect the workplace party leaders to convince members of our proposal's importance. After all, they receive their salaries at the workplace; they would be the last to give up their livelihood, their power, and their acquired perquisites.

[Janos Szabo] Especially difficult is the situation of those who have been full-time party functionaries "ever since their childhood." Those, on the other hand, who have regular professions may see the liberating effect of removing the party organizations from the workplace.

[UJ FORUM] How will the reform circle take a stand on the county's party conference?

[Balazs Meszaros] We do not wish to take a separate stand as a reform circle; however, some of our followers will be among the delegates, and we will do everything in our power to influence the delegates.

ROMANIA

Poor Presentation of Village Life in Literature 27000069 Bacau ATENEU in Romanian Mar 89 p 13

[Article by George Genoiu: "Symptoms: Inattention to Village Life"]

[Text] First of all, I must say that I have never been a fan of thematic pieces in literature. By this, I mean those pieces about workers in public health, about crooked businessmen or storehouse managers; pieces about workers at some consumer cooperative or about handicraft artisans, those at "The Water Lilly,"; pieces about bureaucracy and administrative red tape. Such thematic works are thetic and inefficient; their restrictively arbitrary nature results in risky and harmful limitations.

Unfortunately such a mentality has held sway in dramatic works portraying village life. Peasant issues, given the collectivization of agriculture and the new agrarian revolution, as well as the migration to industry, have not been addressed at all or have been treated superficially. Frequently these complex realities were presented in

phony tonalities, in an antiquated comical framework, involving minor characters and lacking psychological substance and depth of ideas.

Consequently the story has not been properly told of our peasantry, a social and human reality which has encompassed an intense process of first not knowing and then understanding the need for the great revolutionary transformations of the agrarian economy, of people who have lived through the glorious work of industrializing our country. These are individuals deeply involved in the process of socialist evolution, with their wisdom and prudent patience being their guiding principles on the road to understanding new historical realities. Yet our peasantry—with deep spiritual ties to the land of our forefathers—has not been portrayed artistically or in literature at any revealing aesthetic level that was in step with the realities which were consequences of their involvement and participation in the new sociopolitical realities.

The gravity of the social issues involved was replaced with accents of pastoral comedies of a time past and human complexities in the typical "Romanian Pastoral Scene" were greatly oversimplified or, even worse, indoctrinated with borrowed ideas and appearances, transplanted with imported symbolism which was not in harmony with the nature of the Romanian peasant.

It is natural, of course, that in a world of change such as that of today's Romanian village, that we perceive a human reality which is, itself, transforming as a mentality and an attitude. Being integrated into a new order cannot be achieved overnight, from one day to the next. It cannot happen without doubts and fears, and without hesitation.

It was in collectivization that the new characteristics of the peasant became all the more visible. The peasant developed a sense of responsibility regarding common property, a sense of perspective and efficiency, and his native talents were capitalized on. Multiskilled development in a well-run agricultural cooperative is not a theoretical concept in itself, but is a reality which is discovered in the practices of many peasants. Without forgetting their trade of caring for the land or raising livestock, many in the cooperatives have become joiners, painters, lathe operators, drivers or tractor operators. The development of small industry presents a framework for affirming the skills earned through ability and enthusiasm and it affords the opportunity to profit from traditional popular handicrafts that are native to an area.

In discussions with the chairman of the Bodesti, Neamt county agricultural production cooperative—Comrade Vasile Tomescu, we learned that along with the development of a sense of duty and perspective and with the constant efforts for multiskilled development, life in today's village demands that the average man become a top achiever. He must recognize that through will and his

own understanding, "work that is well-organized produces good results with half the effort. If the organization is mediocre," Comrade Vasile Tomescu tells us, "then the results are mediocre too. The scientific rules of agrotechnology and animal husbandry demand reflection and responsibility: Without the hand and heart of a man, without the watchful eye of one who raises livestock can there be results. I believe that in any area there must be stars. Why are only soccer players accorded this right? They have replaced the teachers and the artists. They too should have stars, and why not stars among the peasantry? And the workers? Scientists, writers, actors, in all areas there are stars. The existence of a star, of one in the forefront, who is recognized, this is stimulating. It helps society's progress. I believe this to be true."

"We are proud of our 'stars.' And when we have the opportunity, we highlight their activities and everyone applauds them sincerely. At these times, in the minds of many of our young people, ideas are planted which will germinate into action and in time resolution builds. We have a secret to our success; we rely on the elders of our village, on their understanding and their experiences. When we have those difficult moments, when we must reprimand and admonish, when we must right a wrong and make atonement, the elders are ready to assist and the disorder is straightened out. We believe in the adage, 'If you do not have an elder you should buy one!' We have ours and we are proud of them. As is natural, we are concerned with the fruits of the earth but, if we do not have the time and tact to discover the grains of gold in every man, then we lose the most precious of the village's possessions."

So, here are lines, a monolog of some possible actor in an as yet unwritten play on village life.

YUGOSLAVIA

Background of Kecmanovic Scandal Sketched
28000120 Belgrade NEDELJNE INFORMATIVNE
NOVINE in Serbo-Croatian 14 May 89 pp 6-7

[Article by Milos Vasic: "Inquiry Into Irreproachability"]

[Text] "Scandal is the only form of democracy in a totalitarian society"—anonymous author of graffiti.

When the weakness of politics hides behind the police, a political police springs up. The event—or rather process—known as the "Kecmanovic Affair" began to take on outlines much larger than anticipated after Stane Dolanc, member of the SFRY State Presidency and chairman of the Federal Council for Protection of the Constitutional Order (a man, that is, whose official area has been security for many years), issued a sharp and unambiguous denial to the top Bosnian leadership last week. In an interview with last week's OSMICA, Dolanc presented two key pieces of information: first, neither the SFRY Presidency nor the Council received any news

about Nenad Kecmanovic before the affair broke out in public; second, the assertion of the Bosnia-Herzegovina Presidency that it was informed about suspicions of Kecmanovic "by means of information received from the SFRY security service" is not true. "...I guarantee that neither our Council nor the SFRY Presidency...received any official information about Kecmanovic until mid-April," Stane Dolanc said.

The message is more than clear: You did it all yourselves, and don't get us involved in that matter. Subsequent announcements of the Bosnia-Herzegovina Presidency and that republic's SUP [Secretariat for Internal Affairs] confirmed that the key argument in opening the "Kecmanovic Affair"—that the suspicions originated "above" (in the Federation)—was false. The only thing that came from the Federation was bulletin No 6840/1, dated 21 March 1989, from the State Security Service of the Federal Secretariat for Internal Affairs, that is, a month after the affair began. The contents are a secret. This train of events ought to be highly unpleasant for someone. But let us take one thing at a time.

'The Dark Vilayet'

Bosnia-Herzegovina's quite recent history is well known. The wave of democratization which was set in motion after the "Agrokomerc" scandal (in which the role of the republic police was also very interesting) and the scandal with the houses at Neum swept away the elite of a generation of politicians which came to power under well-known circumstances. It seems that during the conflict more explosive was used than was necessary, so that both sides suffered casualties. In the confusion that ensued, new and younger people came onto the scene such as Zdravko Grebo, Nijaz Durakovic, and Dr Nenad I. Kecmanovic, professor, among others. The difference between these two groups—or, if you like, generations—of Bosnia-Herzegovinian politicians does not lie only in their years; the old guard was organized and tightly knit, so that it could consolidate rapidly for a counteroffensive; the new and younger people are just coming onto the scene and they have only themselves and the support of a population eager for change.

I hope Bosnians and Herzegovinians will not be offended by our heading: "The Dark Vilayet" is not a metaphor for Bosnia-Herzegovina as a land of darkness, but, taken in an original way, a metaphor for a process that is taking place. Bosnia-Herzegovina has entered a process of democratization in which everything depends on it, just as in a folk tale: damned if you do, damned if you don't. It is no wonder that democratization began there with scandals: there was no other way. As Nenad Kecmanovic himself said in an interview for NIN on Tuesday, circumstances would have it that he was caught in the middle of the struggle for democracy.

Nor is that any wonder either: the position of member of the SFRY State Presidency is more important than is thought, especially for a young and vigorous man like

Kecmanovic. Following the 5-year term, he would have every chance of returning to the republic as a more important man than he was when he left. Then also, that is a position necessary if the idea is to rule the republic as in the past, since that is where many deals can be struck and favors exchanged.

It all started in fact because of the kind of person Nenad Kecmanovic is. There were several reasons why the old generation was suspicious of him (none of which had to do with the "foreign factor," as it is stated in the police prose of the announcement of the Bosnia-Herzegovina Presidency): first of all, he had a splendid family "pedigree," which thus made him unsuitable for blackmail and manipulation (by contrast with certain other comrades who have recently stood out in the "Kecmanovic Affair"); and then, although he does not belong to the "political class" ("I never was anyone's administrative assistant, nor was I ever a professional politician anywhere," Kecmanovic says); he knows the system very well from inside (although his knowledge could have been better, as we shall see); and finally, he has continuously stood out as someone who "created problems," both with his writing in the newspapers (incidents were created concerning his work with NIN and with DANAS), and also by virtue of his friction with the republic police. That is, on two occasions he came to the defense of university students whom Bosnia-Herzegovina state security was pressuring for reasons that Kecmanovic did not think were good ones. In a word—he was not "one of us."

An Awkward Game

Kecmanovic says that his hesitation about whether he would accept the candidacy at all seems to have encouraged those who slandered him: "I accepted reluctantly, and I spoke about my dilemmas everywhere." Another source, which wishes to remain anonymous, tells how one of the remaining candidates expressed fear that his candidacy could be an improper gesture toward a top-level executive body to which he had recently been elected, but that he was "told" by an authoritative source: "It doesn't matter, you will come in second anyway." "Perhaps third?" the man asked; "No, second," he was told. The third—obviously—had already been targeted for the arrow.

The chronological chain of events after that is highly interesting. First, Dr Kecmanovic, in his status as university rector, was issued a diplomatic passport. This is a very delicate privilege from the security standpoint, and it involves serious and thorough checks by the State Security Service both at the federal and republic level as well as by the State Secretariat for Foreign Affairs. Since he did receive the passport, one can only conclude that those checks did not turn up anything.

Then on 24 February, there was the "verbal report" from the republic secretary Muhamed Besic in a meeting of the Bosnia-Herzegovina Presidency to the effect that Kecmanovic had had "contacts." Muhamed Berberovic had

his first conversation with Kecmanovic no later than 26 February, and allusion was made to "reports from federal services." However, all of 22 days passed before the republic SUP on 17 March—obviously for the first time, requested information from the federal SUP. That is an intolerably long period of time for such a serious matter as the suitability of a candidate to be a member of the SFRY Presidency. It took the federal SUP 4 entire days to send an answer, although just 1 working day of one man is required for that kind of check. It would be of great importance to the work of the federal and republic commissions for monitoring the activity of the State Security Service to compare four documents: 1. the telegram of the Bosnia-Herzegovina SUP to the federal service on 17 March; 2. the answer, i.e., report No 6840/1, dated 21 March; 3. the report of the Bosnia-Herzegovina SUP to the Presidency of that republic on 24 March; and 4. the announcement made to the public by the Bosnia-Herzegovina Presidency that the "Kecmanovic Affair" had broken out. A comparison of those four documents would offer strong foundations for further conclusions.

In other words, it is well known that interpretation can be very effective in giving the facts a political or emotional coloring. Thus, Stane Dolanc, in the interview with OSMICA we mentioned, says: "...in connection with Kecmanovic, I think the main question is an objective evaluation of whether there was premeditation in his case, that is, did he consciously and with a definite intention turn over his analyses and comments to a foreign spy?" We can freely be even stricter than Dolanc: even mere incautious garrulity and a desire to show off is not desirable behavior from the security standpoint (we are told by experienced counterintelligence people). Nenad Kecmanovic, however, cannot accuse himself of even that: he is an alert, cool-headed, and lucid person with a fair amount of experience as to behavior in a complicated environment such as the one in Bosnia and Sarajevo.

Let us return to an interpretation of the data: Everything said in the announcement of the Bosnia-Herzegovina Presidency concerning Kecmanovic—when it is translated into ordinary language—can be applied to any Yugoslav who has any public importance at all; of course, they have "contacts" with foreigners and, of course, they cannot know which foreigners are "of interest from a security standpoint," unless the competent service informs them in advance. This is the point at which those suspicious of Kecmanovic fall into a contradiction: Let them decide—is one to be wary of the company of all foreigners or only of spies? If only spies, then let them alert us. (The real approach would even demand a more active attitude, i.e., exploitation of such contacts in order to plant certain information.)

The Lessons of Brioni

It is evident from what was alleged against Kecmanovic—when he himself explains it—that this is nonsense. For example: the story about "being well-provided-for" is an

interpretation of a private conversation with Nenad Prnjatovic about how people go to be visiting professors in foreign universities (hundreds of our professors). Incidentally, in an interview with OSMICA the British ambassador enumerated all the people he talked to in Sarajevo—aside from Kecmanovic: with Abdulah Mutapdzic, chairman of the Presidium of the Bosnia-Herzegovina LC Central Committee. And while visiting in Britain there were many important and very important people. The attitude involved here can best be seen from the conversation between Nenad Kecmanovic and Muhamed Berberovic on 26 February: The chief of the American Culture Center in Sarajevo invited Kecmanovic to be a guest of the American government this summer, but Kecmanovic was reluctant, since he was already a candidate to be a member of the SFRY Presidency. Berberovic said to him in that connection—they might recruit you there. From that point of view, it would seem that there is nothing easier than to recruit a distinguished Yugoslav, and Berberovic obviously considers the thing done. It becomes crystal clear with the Kecmanovic case how an innocent man is turned into a "spy" at will. If only I were being treated as a spy, Kecmanovic said, with a wave of his hand: "Do you know that up to this point not a single person in the police has talked to me, I don't know what to do to capture any interest of the police in my case, so that they call me in for a preliminary conversation and ask me: Fine, Comrade Nenad, what do you have to say about this?" This is an illustrative detail: such a matter cannot be left with mere allusions, half-truths, and the spreading of news through the marketplace.

The Brioni Plenum in July 1966 established the standard of behavior as far as the State Security Service is concerned: There is to be no interference in politics and the political struggle on the acknowledged public terrain, that is, in the bodies and organizations comprising the system. The Kecmanovic case is the first clear and pure case of using the State Security Service in a political struggle for power, i.e., in order to eliminate a political rival. In that sense, the findings of the federal and republic commissions for monitoring the work of the State Security Service will necessarily be wishy-washy: the services—probably, operated in accordance with the law (unless they tendentiously distorted the authenticity and objectivity of data), but the result of their work should not have been used in a politically incorrect manner, but that is outside the competence of the parliamentary commissions.

At this point, it is no help that the police in Bosnia-Herzegovina have been artificially homogenized through the assemblies of security centers in all towns, where internal affairs personnel who have had nothing to do with this case are now complaining of a "campaign against the service" and are scolding the newspapers. This is pathetic and out of place. Everything could be avoided in some other way. That is, Muhamed Besic, Bosnia-Herzegovina republic secretary for internal affairs, had taken up that position quite recently; until then he headed the self-managed community of interest for old-age and disability insurance, and at no time in his life had he been a policeman. The question

is whether an experienced policeman would allow the oversights that have been occurring in this case and whether he would have become involved in this game at all?

Nenad Kecmanovic, however, also has his share of the responsibility in all this. "Most of the material used against me," he said, "I offered them myself through conversations with Prnjatovic, a friend I went to school with. Were it not for that, I do not know what they would have to charge me with at all." We thus arrive at a paradox: A person who was careful—in accordance with the custom there—to inform the authority about contacts with foreigners, even though it was done privately, has it come down on his head. This is not good advertising for the police there.

It is obvious that the actors and directors of the "Kecmanovic Affair" have not done themselves proud either with their political skill or their policecraft. This is evident even from the mood of the public in Bosnia-Herzegovina, but most of all from the outcome of the vote in the Bosnia-Herzegovina Assembly for a member of the SFRY State Presidency. As one Sarajevo citizen said, "they are worth nothing even to themselves, poor man, so what good will they be to us?"

[Box p 7]

Why He Withdrew

Dr Nenad Kecmanovic is aware that withdrawal of his candidacy could be interpreted as a psychologically wrong move: his supporters became disturbed, and his opponents had a moment of exultation: only a moment. He explains his reasons in terms of the consultations which he had with a number of experienced politicians and old party members, most of whom have experienced unpleasantness and persecution by the same people. The result is interesting: they all spoke to him only about the problems that arise in such a case and that will follow him hereafter. One of them (who holds a high position) warned him that this stain could hinder him as a member of the Presidency, even if he should be elected.

It is the impression of this newspaperman that Dr Kecmanovic made a mistake in seeking advice from the past instead of from the future of Bosnia-Herzegovina; he consulted—it seems to us—with the wrong base. It is also our impression that Dr Kecmanovic himself is aware of this. Incidentally, he refuses to answer the question that is certainly being asked by the entire republic at this moment, if not that of all Yugoslavia: Will he accept a new candidacy? He is not saying "yes," but neither is he saying "no." He allows one to suspect that this depends on the further development of events, but at the same time he is ready and determined to clear his name completely, whether he runs this next time or not.

CZECHOSLOVAKIA

Federal Budget for 1989 Reviewed

24000127b Prague *FINANCE A UVER in Czech*
No 2, 1989 pp 83-90

[Article by Eng Milan Jurceka: "The Federal Budget for 1989"]

[Text] At the end of last year the 1989 state budgets were approved in the government and the legislative bodies. However, planning does not end here; in the course of the first quarter a recalculation of the state budgets and financial plans for this year takes place based on the prices, methods, and organizational conditions in effect from 1 January 1989. A report on the results of the corrections to the state budget of the Czechoslovak federation and the aggregates of the state budgets and budgets of the national committees will be submitted to the CSSR Government. Agencies of the Federal Assembly will be informed about the proposal for the state final accounts for 1988 being submitted.

The Main Goals and Objectives of the Financial and Budgetary Policies

The results of economic development in the first 2 years of the Eighth 5-Year Plan and in 1988 show that despite fulfillment and exceeding of the quantitative indicators of the state plan, the tasks which characterize the qualitative aspects of the production process are not being fully accomplished. This shows up particularly in non-fulfillment of tasks in the area of cost and profitability, in an unfavorable development of inventories, in low-value-added products for both the domestic and foreign markets, in growing enterprise insolvency, and in a continuing imbalance between receipts and expenditures in the state budget.

The 7th, 9th, and 10th CPCZ Central Committee Plenums and the program announced in November of last year concerned themselves in detail with the reasons for the unsatisfactory development in the social and economic fields and their solutions. For the financial agencies, the conclusions approved show the need for significantly increasing the effect of financial tools on efficient capital formation and in increased conservation and efficiency in their use and for achieving a financial balance, especially in budgetary income and expenditures. The financial organizations must persist in strict maintenance of the approved measures and not concede to unjustified requests.

In 1989 the financial departments will specifically direct their efforts at achieving the following measures:

a) steps concerning the material and systemic requirements for the restructuring of the economic mechanism and the broadest possible application of the new economic mechanism after 1 January 1990 in keeping with the program declaration of the CSSR Government in November of last year;

b) planning in the state budgets for reductions in the number of employees in central administration and promulgation of rationalization of the activities of the special purpose organizations directly controlled by the central agencies;

c) likewise, planning in the state budgets for tasks which arise from expanding the conservation program in the Eighth 5-Year Plan in the area of official operation of automobiles, making foreign service more economical, and other measures;

d) systematic implementation of the principles of the experiment in budget-controlled and contributing organizations with the goal of greater savings in the field of budgetary expenditures for social needs;

e) limit automatic special purpose grants within the budgetary system and tie the payments to actual expenditures for which they were intended;

f) develop the second stage of the program of gradual reductions of noninvestment grants provided to the economic organization from the state budget with respect to the restructuring of wholesale and retail prices carried out on 1 January 1989.

The purpose of these measures is to bring about significant fiscal and budgetary improvement in the restoration of financial balance in the national economy as one of the prerequisites for the implementation of the new economic mechanism.

The demanding systemic tasks within the limits of work on the restructuring of the economic mechanism will also be carried out, especially the restructuring of the system of levies and taxes paid into the state budget by organizations (taking into consideration the levies and income taxes and a new law on agricultural taxes which went into effect on 1 January 1989); financial management of organizations under the new law on state enterprises and the reorganization of the production technological base; the method of equalizing the different starting point of organization bases for full implementation of the new economic mechanism; and a number of other tasks. The effect of financial tools, as part of the overall experiment directed at increasing independence and responsibility of the economic organizations for effective development, will likewise be routinely evaluated.

The approved 1989 federal budget proposal has been prepared under the economic conditions in effect in 1988. The effect of the comprehensive restructuring of

wholesale and retail prices and changes in methods and organization which went into effect in 1 January 1989 will be balanced and reflected in the federal budget and financial plan in the course of the first quarter of 1989. Important changes took place with respect to restructuring of the economic mechanism in the agro-complex, in domestic trade, and in the principles of financial management in the enterprise sphere. In the system of levies and taxes, the rates of contribution to social security (levies on wages) were increased, and the application of a new law on agricultural taxes is expected. Together with the introduction of a single rate of exchange for the Kcs, the rate for the domestic production price equalization was set for the currencies of the socialist countries. Concurrently the organizational restructuring of production, R&D, and currency in circulation is continuing. All these changes will be balanced on the principle that substantive objectives of the plan will not change and the overall balance of the federal budget will not be affected.

In keeping with the goals of the restructuring of the economic mechanism, an increase in the incentive elements of wages to seven percent of the total wage funds has already been included into the financial plans of commercial organizations at this stage. This represents Kcs 4.6 billion more in allocations to wage funds.

The results of evaluations of the investment reductions by more efficient utilization of the fixed production assets, which are being carried out by a special commission of the CSSR Government, will be included in the federal budget and financial plans. The financial agencies will likewise actively respond to objectives of the state disinvestment programs and other structural changes, to clarification of the consolidation programs, and getting rid of losses, insolvencies, and ineffective exports in specific enterprises and fields.

The goals and intentions of the finance and budgetary policies in the planning tasks for 1989 are specifically:¹

a) the amount of overall profit for the CSSR in 1989 will increase by Kcs 11.5 billion, that is, by 7.5 percent; the increase in profit from the domestic trade is expected to achieve 73.3 percent by a relative reduction in total expenditures and by 27.6 percent by growth in output;

b) the final balance in relations between the state commercial organizations and the budgetary system (less turnover tax and differences in the domestic market) will reach Kcs 144 billion in 1989 and increase by 15.2 percent in comparison with 1987;

c) the overall turnover tax, including the differences in the domestic market, will reach Kcs 93.3 billion and will increase by Kcs 0.2 billion in comparison with 1988, while its yield will be reduced by the growing negative turnover tax of Kcs 31.7 billion; d) the overall financial need for capital construction in the commercial organizations will grow by 3.3 percent and reach a level of Kcs 147.4 billion;

e) the inventory turnover period should accelerate in industry and construction (without the influence of selected integration actions) by 2.4 days in comparison with 1988 and the final status of inventories in those branches should be reduced by Kcs 2.3 billion;

f) noninvestment expenditures for R&D will reach Kcs 21.4 billion, from which the state budgets will finance these outlays at a level of Kcs 8.7 billion (a growth of 0.3 percent in comparison with 1988) and the resources in the economic sphere will grow by 2.2 percent.

In the area of raising the population's standard of living, appropriate steps have been included in the federal budget for implementation of the conclusions of the 17th CPCZ Congress on social security which stem from the resolutions of the CPCZ Central Committee presidium, the CSSR Government, the URO (Central Council of Trade Unions) leadership, and the SSM (Socialist Youth League) Central Committee of April 1987. It mainly involves the second stage of adjustments in the area of pensions which went into effect on 1 October 1988. Budgetary expenditures for social services and activities for the population are planned as follows: a) the total amount of these noninvestment expenditures will be Kcs 186.3 billion, which represents an additional Kcs 9.2 billion in comparison with the 1988 budget, that is, 5.2 percent; this growth rate is affected by the total annual incidence of adjustments in pensions in 1988 of Kcs 4.4 billion. If these measures are excluded, the additional growth amounts to 2.7 percent in comparison with the 1988 budget;

b) within the transfer payments for the population, the outlays for social security amount to Kcs 99.5 billion (a 6.3 percent growth), those for education Kcs 29.9 billion (a 3.2 percent growth), and those for health care Kcs 32.6 billion (an 8.2 percent increase; noninvestment expenditures for cultural matters reached a level of Kcs 5.3 billion, which represents a 1.9 percent growth;

c) the overall budgetary expenditures for housing construction and housing management are planned at the Kcs 31.2 billion level; this growth of 5.4 percent reflects the goals of the state plan for housing construction and the building up the funds for repair in the housing management enterprises.

The population's cash receipts will grow by Kcs 12.4 billion this year and reach a level of Kcs 466.8 billion (a 2.7 percent growth; the main portion of this additional amount is provided by a growth in wages and pensions. The increase in savings and money supply for the population is planned at Kcs 19.5 billion with savings at Kcs 285.4 billion (a growth of 6.3 percent) by the end of 1989 and money supply at Kcs 59.6 billion (an increment of 4.6 percent). The population will be provided with Kcs 13.7 billion in new loans which will reach, at the end of 1989, Kcs 44.2 billion (including interest payments).

State Budgets and Budgets of the National Committees

Table 1 shows an overall view of the state budget and the budgets of the national committees.

The share of the receipts of the Czechoslovak Federation state budget in the overall receipts of the aggregate of the state budgets and the budgets of the national committees amounts to 54.9 percent, while Czechoslovak Federation state budget outlays contribute a 19.7 percent share in the overall expenditures of the budgetary system. The budget ensures a balance between the resources and the needs of the overall budgetary system, as well as of its individual elements.

Table 1

Indicator	CSSR		Federal		CSR ^a		SSR ^a	
	Billion Kcs	Index 1989/88	Billion Kcs	Index 1989/88	Billion Kcs	Index 1989/88	Billion Kcs	Index 1989/88
Total receipts of state and national committee budgets	407.59	105.1	223.64	104.4	214.42	104.0	113.03	103.2
Of which:								
Net income of the state budgets (less grants and subsidies)	343.91	105.4	223.64	104.4	83.72	105.3	36.55	112.2
Income of the national committee budgets (less grants and subsidies)	63.68	103.6	x	x	44.53	103.8	19.15	103.0
Grants from the federal budget	x	x	x	x	86.17	103.0	57.33	98.2
Total expenditures of the state and national committee budgets	407.59	105.1	223.64	104.4	214.42	104.0	113.03	103.2
Of which:								
Net outlays of the state budgets	268.25	105.3	80.14	111.2	118.51	103.3	69.60	102.6
Grants to the state budgets of the republics	x	x	143.50	101.0	x	x	x	x
Expenditures of the national committee budgets	139.34	104.7	x	x	95.91	105.0	43.43	104.2
Grants and subsidies to the national committee budgets	(75.67)	105.7	x	x	(51.39)	106.0	(24.28)	105.1

^a Including the budgets of the national committees

Grants from the state budget of the Czechoslovak Federation to the state budgets of the republics will increase by Kcs 1.4 billion, that is, by 1.0 percent, in comparison with 1988. There will also be an increase in the share of the grants to the state budget of the CSR from an overall grant of 58.9 percent in 1988 to 60.0 percent in 1989

with a concurrent decrease in the share to the SSR from 41.1 percent to 40.0 percent.

The overview in Table 2 shows the makeup of the budgetary income and expenditures of the CSSR's budgetary system.

Table 2

Indicator	Plan for 1989	Difference 1989-88	Index 1989/1988
Total income	407.59	+19.86	105.1
Of which:			
Turnover tax and domestic market fluctuations	93.26	+0.17	100.2
Levies on commercial organizations	204.48	+19.16	110.3
Taxes on wages	51.05	+1.34	102.7
Other income	58.80	-0.81	98.6
Total expenditures	407.59	+19.86	105.1
Of which:			

Table 2

Indicator	Plan for 1989	Difference 1989-88	Index 1989/1988
Grants to commercial organizations	60.45	+0.21	100.4
Of which:			
Investment	9.29	-0.89	91.3
Noninvestment	51.16	+1.10	102.2
Total expenditures of RO (budgetary organizations) and PO (self-financing organizations)	327.25	+19.17	106.2
Of which:			
Investment	33.30	+1.36	104.3
Noninvestment	293.95	+17.81	106.5
Of which for:			
Management and monetary and technical services	62.66	+7.72	114.0
R&D	8.66	+0.03	100.3
Social services and activities for the population	186.31	+9.23	105.2
Defense and security	28.35	+0.65	102.3
Administration	7.97	+0.18	102.4
Grants to agricultural cooperatives	12.47	+0.13	101.1
Other expenditures	7.42	+0.34	104.8

The incremental growth in income in the aggregate state budgets and the budgets of the national committees will be provided, with a decrease in other income, by an increase in the levies on commercial organizations, especially a growth in the levies from the results of management and economic tools in foreign trade.

The incremental growth in overall expenditures results mainly from the growth in noninvestment outlays of budgetary and self-financing organizations, especially as a result of growth in expenditures for social services and activities for the population, and the growth in spending for management, where the special-purpose reserves of the state budget are grouped (the investment reserve, the governmental budgetary reserve, and the reserve for covering exchange rate fluctuations).

The planned financial relationships to the state budget for 1989 for the aggregate commercial organizations are characterized by an overall positive balance of Kcs 144.03 billion. In comparison with the adjusted plan for 1988, its growth is planned at 15.2 percent, that is, Kcs 18.95 billion. Of this increase, the greatest share falls to growth in levies on operating results (Kcs 14.07 billion) which is related to planned increases in profitability and to limits to contributions from profit to the investment fund (a planned decrease of Kcs 2.09). With a growth in output of 2.2 percent, the increase in profit of 7.5 percent is planned to be based mainly on a relative reduction in overall expenses, as the data in Table 3 show.

Table 3

Indicator	Plan for 1989 (billions of Kcs)	Share (Percent)
Growth in profit from the domestic economy	11.493	100.0
Of which:		
Growth in performance	3.065	26.7
Reduction in overall costs	8.420	73.3
Change in special revenues	8	—

Table 4 provides a more detailed characteristic presentation of the development of the basic groups of expense items.

Table 4

Indicator	Share of Expenses in Output—Plan for 1989 (in percent)	Reduction of Expenses	
		(millions of Kcs)	(percent)
Overall costs	89.14	-8.420	-0.66
Of which:			
Material and other costs			
Without depreciation	61.56	-9.869	-1.12
Including depreciation	67.35	-8.227	-0.85
Fixed asset depreciation	5.79	+1.642	2.04
Wages and other personnel costs	13.09	-722	-0.38
Financial expenses	8.77	+472	+0.38
Overall credit entries for expenses	-0.07	+57	-

Material consumption, including expenses for transportation and communications services and for the maintenance and repair of fixed assets (-1.12 percent), must be included substantively in overall cost-cutting plans. The planned goal in the reduction of wage expenses (-0.38 percent) is relatively lower and includes the creation of reserves of more than Kcs 0.75 billion for wage policy measures tied to the structural changes. Cost increases are affected mainly by marked growth in the allocations to the repair fund aimed at ensuring better quality care of national property under the jurisdiction of the national committees.

The planned efficiency expressed by the indicator of profitability, measured by total expenses, will grow from 12.24 percent in 1988 to 13.34 percent in the plan for 1989.

A reduction of Kcs 0.89 billion in grants provided to commercial organizations for investment is tied mainly to greater linkage to investment depreciation and the pressure to create resources above the plan. The effect of the principles of financing under the plan only up to the amount of resources created is reflected here. Of the planned amount of investment grants from the state budget of Kcs 9.29 billion for 1989, a grant provided to the CSR and SSR departments of the MLVD (ministries of forests and water works) comes to Kcs 3.43 billion for the construction of water reservoirs; this amount also includes the grant for the construction of the water works on the Danube (Gabcikovo-Nagymaros) of Kcs 1.31 billion. Other grants are provided to the FMDS (federal ministry of transport and communications) of Kcs 2.38 billion for the restoration and expansion of the vehicle inventory, Kcs 0.98 billion to the CSR and SSR MZVz

(ministries of agriculture and foodstuffs) for the intensification fund, and Kcs 1.51 billion to organizations run by the national committees in the CSR and SSR for special purpose construction.

Noninvestment grants for the domestic economy include a reduction stemming from checks on their effectiveness and limitations of their undesirable development; despite this, however, as a result of the growth of material goals, there will be an overall increase in these grants of Kcs 1.95 billion. In particular this concerns resolving the problems of the departments of the SSR MLVD after splitting off the unprofitable wood processing branch from the department of the SSR MP (ministry of industry), resolving the problems of providing water to the businesses run by the NVs (national committees), making up for the growing losses in housing management enterprises and urban mass transit, and increasing supplies of heat for the population in the department of the FMPE (federal ministry of fuels and energy). On the other hand, the grants within the framework of financial and economic tools in foreign trade are declining because of the planned growth in export efficiency.

The Development of the Standard of Living in 1989

The amount of noninvestment expenditures for social services and activities for the population planned for 1989 includes the effect over the entire year of new measures in the social area up to 1 October 1988 and also provides for expenditures for AIDS prevention (about Kcs 600 million) and resources for the Czechoslovak Spartakiad in 1990. The spending connected with implementation of the program of computerization in education is set at the 1988 level. Table 5 contains the overall data for this area.

Table 5

Indicator	Overall Plan for 1989	Difference 1989-88	Index 1989/88
Noninvestment expenditures for budgetary self-financing organizations for social services and public activity	186.31	9.23	105.2
Of which:			
CSR	123.45	5.96	105.1
SSR	61.44	3.04	105.2
Federation	1.42	0.23	119.3
Of which:			
State budgets	108.24	5.23	105.1
National committee budgets	78.07	4.00	105.4

In the individual areas of budgetary expenditures for the population the following items are included:

a) Noninvestment expenditures for social security are planned at the level of Kcs 99.5 billion, so that they will grow by Kcs 5.9 billion (6.3 percent) in comparison with 1988. The new law on social security in effect since 1 October 1988 requires the securing of an increase of Kcs 4.37 billion in financial resources in 1989, of which Kcs 2.95 billion go to the CSR and Kcs 1.22 billion to the SSR. The greatest portion of the overall expenses for new measures requires an adjustment in the pensions paid out (Kcs 3.72 billion, that is, 85 percent). The method of calculating newly approved pensions was also adjusted to the wage level and the adjusted allotments for social care and allowances for children and education. This would ensure an improvement in the living conditions for children who have serious long-term health problems.

b) Noninvestment expenditures for education are increased by Kcs 0.9 billion, that is, by 3.2 percent, and will reach a level of Kcs 29.9 billion. This amount results from the essential tasks and demands of 1989 in connection with the growth in value added according to the requirements of the state plan. A more rapid growth in expenditures is, therefore, planned for the SSR (3.7 percent) than in the CSR (3.0 percent). Wage funds are also provided for in connection with the state plan; the material expenditures will increase by 2 percent.

c) The growth in noninvestment expenditures for health care of Kcs 2.5 billion, that is, 8.2 percent, to Kcs 32.6 billion expresses the pressing needs to be met in this area. The growth rate in expenditures for health care in particular shows a rapid growth in spending for medicines and special health care materials (by 8 percent), adding in resources for the prevention of AIDS at the level of Kcs 600 million for the CSSR as a whole, and placing into operation and equipping the new SUNZ [expansion not given, possibly State Institute of National Health] facility (Kcs 86 million). At the same time a growth of 3 percent is planned for the other material expenditures.

d) Noninvestment expenditures for culture are planned at the Kcs 5.3 billion level, which represents a growth of not quite Kcs 100 million in comparison with the budget for 1988, that is, a 1.9 percent increase. The budget ensures the essential growth in funds for cultural and educational activities, especially in the form of contributions for the operation of self-financing organizations and wage resources in connection with the state plan; not counting the wage funds the noninvestment expenditures for culture will grow by 1 percent.

e) Overall budgetary expenditures for housing construction and housing administration are planned at Kcs 31.2 billion; their growth of 5.4 percent reflects the tasks of the state housing construction plan where almost 98,000 apartments are expected to be completed. Expenditures in the amount of Kcs 1.05 billion are included in the national committees' budgets for the modernization of the housing inventory. The growth in spending in the state's contribution to individual housing construction provides increased state financial assistance in the construction of family housing started since the beginning of the Eighth 5-Year Plan. Repayment of losses to housing management enterprises will reach Kcs 6.3 billion, which is Kcs 0.5 billion more than in 1988. This growth reflects a strengthening of the repair funds of the housing management enterprises.

f) Noninvestment grants for repayment of losses of the urban mass transit enterprises, including large-scale repairs of surface communications, are planned at the Kcs 4.8 billion level, that is, they will grow by Kcs 0.3 billion as compared with 1988.

Conclusion

In comparison with the development in the Eighth 5-Year Plan up until now, the state budget for 1989 establishes mobilization tasks in the creation of resources, especially in the growth of efficiency through relative reductions in costs. The lower rate of resource

creation in comparison with the intentions of the budgetary projections affects their planned utilization. The economic and effective expenditure of resources to meet priority social needs therefore takes on even more importance.

Both the implementation of the comprehensive experiment in the expected increase in independence and responsibility on part of the organizations in the production sphere and the experiment in budgetary and self-financing organizations of the nonproductive sphere should contribute to ensuring the creation of resources based on a growth in effectiveness and their economical utilization. A thorough implementation of the measures directed at strengthening financial and budgetary balances in the national economy must be at the center of attention of the financial agencies.

The principle of balancing income and expenditure permeates budgetary management because the financial resources in the hands of the state, enterprises, and population must correspond to the creation of disposable resources and the amount of products and services. Only thus is it possible to contribute to a gradual restoration of economic balances, to overcome the existing conflict between supply and demand, and to suppress the inflationary tendency which threatens the stability of our currency with all its unfavorable economic and political consequences.

Footnote

1. The growth rate and increments in 1989 are calculated throughout this article in comparison with the adjusted plan for 1988.

New Foreign Exchange Principles Discussed

24000127a Prague HOSPODARSKE NOVINY in Czech No 13, 1989 p 3

[Article by Dr Sona Mojziskova: "Principles of the New Foreign Currency Law"]

[Text] In its plenary session of 9 March 1989 the government of the Czechoslovak Socialist Republic approved the proposal of the principles of the foreign exchange law which is supposed to go into effect on 1 January 1990. This law, submitted under the joint direction and coordination of the Federal Ministry of Finance and the State Bank of Czechoslovakia, is one of the essential regulations for legislative implementation of restructuring the economic mechanism. Its publication should create the legal basis for the changes in the management and implementation of foreign economic relationships. The existing model of controlling foreign currency dealings is not in keeping with the Directive on Ensuring a Comprehensive Restructuring of the Economic System and, therefore, would not apply to future development of external economic relationships.

The currently valid Foreign Currency Law No 142/1970 of the Sbirka [Code of Law], was published in 1970 and reflects the political and economic conditions at the end of the 1960's. The basis of foreign currency operations was a foreign currency monopoly as an exclusive right of the state to concentrate all foreign currency resources in its hands and to decide on the optimum utilization of these assets. This principle established the administratively centralized model of foreign currency controls which ceased being an adequate incentive to increased interest in acquiring foreign currency as well as for smooth and uninterrupted foreign exchange operations.

Control by Economic Tools

A basic change, in contrast to existing concepts, is control of foreign currency dealings by economic tools and the broad development of the khozrazchet method of foreign currency operations.

The basic tool for foreign currency control remains the foreign currency plan, binding for all agencies operating under the foreign currency law. To the extent established by the schedule of the foreign currency operations, there is an obligation placed on citizens and legal entities in possession of foreign currency to offer to Czechoslovak financial institutions the foreign currency acquired from commercial activities, as well as the right to purchase the foreign currency necessary for their trade activities.

The proposal for the foreign currency plan is worked out as part of monetary planning by the State Bank of Czechoslovakia in close cooperation with the federal and republic central agencies, particularly with the State Planning Commission, the Federal Ministry of Finance, the Federal Ministry of Foreign Trade, the State Commission for R&D and Investment Development, and the republic ministries of finance, prices, and wages. The State Bank of Czechoslovakia then submits this proposal for the foreign currency plan to the government of the Czechoslovak Socialist Republic for approval.

Among the other important tools for the control of foreign currency dealings will be foreign exchange self-financing, currency reserves, government and bank credits, interest rates, the foreign exchange rates, and financial and economic tools of foreign trade.

The CSSR government will control Czechoslovak foreign currency dealings and will likewise establish the principles of foreign exchange policies. Under the jurisdiction established by the foreign exchange law, the State Bank of Czechoslovakia will be responsible for execution of foreign exchange policies, especially from the standpoint of the balance of payments, as will the Federal Ministry of Finance and the republic ministries of finance, prices, and wages. It is expected that the basic breakdown in functions between the State Bank of Czechoslovakia and the central agencies of state administration will be as follows:

—the Federal Ministry of Finance will perform foreign currency operations involving the budgetary, self-financing, and social organizations within CSSR jurisdiction;

—the republic ministries of finance, prices, and wages will perform foreign currency operations involving physical persons, churches, and also budgetary, self-financing and social organizations within the jurisdiction of the Czech and Slovak socialist republics;

—the State Bank of Czechoslovakia will perform foreign currency operations involving all other legal entities.

A significant change from the existing legal framework will be the stipulation that legal and physical persons who contribute to the creation or increase of foreign currency will share proportionally in their use. The new formulation of the tender obligations in particular is in keeping with this principle.

For legal entities the degree of recognition of services rendered and the interests of organization in the formation of foreign exchange funds will be expressed by an established standard at which level the legal entity will contribute to the central foreign currency fund to meet the needs of society as a whole. After meeting this obligation to the center, the organization can use the remaining foreign exchange funds to cover its own foreign currency outlays.

The new Czechoslovak foreign exchange regulations form the legislative conditions for the gradual exchangeability of the Czechoslovak koruna. The first step on this path was the introduction of the single-component rate of exchange. In the future there will be the introduction of a uniform rate of exchange of the Czechoslovak koruna for foreign currencies. Another step is the utilization of national currencies as legal tender between the CEMA member states in establishing direct relationships, as long as there is an agreement between the interested countries. Currently there are such agreements between the CSSR and the USSR and between the CSSR and Bulgaria; a similar agreement with Poland is being prepared. One cannot, however, rush the exchangeability of the Czechoslovak currency. First the material and systemic conditions must be created, especially in the areas of currency value and its foreign exchange.

The current legal framework generally requires foreign exchange permits for every time transaction with foreigners involving foreign exchange and for each payment abroad. According to the proposed law, domestic foreign exchange participants and legal entities will be able to consolidate their financial obligations with foreign exchange entities outside the country and to make payments abroad to the extent of:

—foreign currency funds deposited at Czechoslovak foreign exchange banks in their foreign currency accounts;

—foreign currency allocated from central funds;

—foreign currency credits received from Czechoslovak foreign exchange banks;

—under conditions determined by international agreements on mutual settling of accounts in national currencies.

The approved principles of the foreign exchange law are based on the assumption that in the upcoming period a limited foreign exchange market will be created in our country as a tool for the supplemental commercial redistribution of foreign currency. It is expected that, in the first phase, this tool will be available only to domestic foreign exchange participants and legal entities who operate on the basis of foreign currency self-sufficiency. This source should make it possible, particularly for enterprises, to cover their supplemental foreign currency needs as far as they have sufficient koruna assets for the purchase of foreign currency at higher prices than the official rate of exchange.

Supervision and Monitoring

Under the conditions of the new economic mechanism, which anticipates the entry of a greater number of organizations into foreign trade relationships, foreign currency controls and auditing will play an increased role.

Exclusive foreign currency oversight of foreign currency offices, namely the State Bank of Czechoslovakia and the republic ministries of finance, prices, and wages, will be carried out by the federal ministry of finance. The foreign currency controls will give the federal ministry of finance the right to monitor the responsible foreign currency agencies to see that they carry out the foreign exchange policies, using the authority entrusted to them to implement these policies according to the principles approved by the CSSR government. The federal ministry of finance will have the right to call attention to the need for taking corrective measures in cases where serious deficiencies are discovered. If such measures are not sufficient, the Federal Ministry of Finance will submit proposals for resolving the detected shortcomings to the CSSR government.

Foreign currency audits will be carried out by the State Bank of Czechoslovakia and the agencies of state administration (that is, the FMF [Federal Ministry of Finance] and the republic MFCs [ministries of finance, prices, and wages]) under the authority entrusted to them by the foreign currency law. The nature of the foreign currency audits will be the systematic review of whether and how the legal and physical persons are carrying out their obligations placed upon them by the foreign currency law and the regulations published for its execution. For

legal entities, foreign currency auditing will also entail the evaluation of how the tasks arising from the mandatory execution of the foreign currency plan are being fulfilled.

As far as auditing the import and export of foreign currency values is concerned, both for domestic and foreign participants in foreign exchange, this will continue to be performed by the customs agencies. All subjects of legal foreign currency relationships, legal and physical persons, will be directly obliged by the law to provide the agencies performing foreign currency auditing with the necessary cooperation.

Dealing With Accounts

The new foreign currency regulations will modify the current legal status of depositing to foreign currency accounts and withdrawing from them.

Domestic foreign exchange participants and legal entities will be able to set up foreign currency accounts with Czechoslovak monetary institutes and to transfer foreign currency assets to them after fulfilling their tender obligations for assets:

—acquired for exporting goods and providing services to persons abroad;

—acquired for use of industrial rights or for providing technological know-how;

—positive balances for deliveries from production cooperation with countries abroad;

—foreign currency assets obtained at Czechoslovak monetary institutions or otherwise acquired in accordance with the law.

Foreign currency deposited in foreign currency accounts can be used to purchase goods, receive services, and acquire or utilize industrial rights or production technology or commercial activities abroad.

Domestic foreign exchange participants, who are physical persons, can open interest-bearing foreign currency accounts with Czechoslovak monetary institutes without foreign currency permits or transfer foreign currency assets received from abroad or deposited for them by foreign exchange participants abroad. A new provision stipulates that domestic foreign exchange participants can themselves also freely deposit convertible currencies when such foreign currency assets meet the minimum established for setting up a foreign currency account. Currently the limit is set at 500 American dollars, but it is supposed to be suitably reduced. The State Bank of Czechoslovakia sets the interest rates for foreign currency accounts. A citizen has a legal right to establish a foreign currency account.

Physical persons will be able to use the assets in foreign currency accounts, in particular for trips abroad. They are subject only to a certain minimum limitation for withdrawals of foreign currency from the account (today US \$10 per person per day). However, an upper limit will not be established. It will be left entirely up to the domestic foreign exchange participant what amount he intends to withdraw from his account and use for a specific trip abroad. The foreign currency assets not used can be returned to the account after the domestic foreign exchange participant completes his trip abroad. The use of foreign currency assets in domestic foreign currency accounts (for the purchase of goods through the Tuzex PZO [foreign trade enterprise], for the purchase of trips through the Czechoslovak travel offices and services through the CSA [Czechoslovak Airlines], for direct purchase of medicines and health needs, books and magazines, etc.) will not change significantly from the current status. The group range of persons who can deal with the account besides the owner on the basis of his permission will also not change (access is limited to relatives and close personal friends of the in accordance with section 116 of the civil code).

A domestic foreign exchange participant will be able not only to transfer the remainder of his foreign currency account to the foreign currency account of another domestic foreign exchange participant but, as a new feature, will be able to make direct deposits into the foreign currency accounts of persons close to him who do not yet have an individual account.

Import and Export of Assets

In the area of importing and exporting foreign currency assets, according to the new foreign currency regulations there will be a significant change in comparison with the existing legal situation whereby foreign currency authority and jurisdiction will be exercised exclusively by the State Bank of Czechoslovakia and not by the agencies of state administration, as has been the case up until now. The provisions of importing and exporting foreign currency assets applicable up until now will undergo only minimal changes.

In principle it will be a case of free import of foreign currency assets into the country by both domestic and foreign participants in foreign exchange. Foreign participants in foreign exchange will be able to export freely all their foreign currency assets which they imported into the country or acquired in an authorized manner on the territory of our republic. Domestic participants in foreign exchange will be able to export freely those foreign currency assets which Czechoslovak monetary institutes sold to them, foreign currency from their own foreign currency accounts or from the foreign currency accounts of persons close to them, and also those foreign currency resources which:

—Czechoslovak monetary institutes did not buy from the domestic participant in foreign exchange who fulfilled his tender obligation,

—do not exceed the so-called free boundary at which the tender obligation will not apply at all. The level of the so-called free boundary is designated by the executory regulation which will be issued on the foreign currency law.

The provisions on the free boundary will also affect foreign exchange participants abroad in the importing and exporting of Czechoslovak currency. They will also be allowed to export and import a certain (small) amount of Czechoslovak korunas whose rates will likewise be established in the executory regulation on the foreign currency law. Above this free boundary the import and export of Czechoslovak korunas will be possible on the basis of interbank agreements negotiated within the framework of the socialist states. Otherwise the principle will continue to apply that the importation and exportation of Czechoslovak korunas will not be possible without the express permission of the State Bank of Czechoslovakia.

The legal expression of the principle that the rights and duties of the subjects of legal foreign currency relationships will be set out directly in the foreign currency law will have great importance. No executory legal regulation can place new duties on the subjects of legal foreign currency relationships beyond those of the framework of the foreign currency law. This will give a wide circle of subjects far greater legal assurance than is the case today. The various instructions, directives, and interpretive points of view which have bound the subjects of legal foreign currency relationships, sometimes beyond the generally binding legal regulation, will expire after 1 January 1990.

Two very important stages of work face the federal ministry of finance. The principles of the foreign currency law have been submitted to the committees of the Federal Assembly and clarification and amendments will be made in the discussions and approval of conclusions by the highest Czechoslovak legislative body. The second stage which the federal ministry of finance and the State Bank of Czechoslovak have before them as coordinators of the new Czechoslovak foreign currency law is timely preparation and detailing of the foreign currency law and the executory decree at a highly professional level. The professional public will be routinely informed of even partial results of the work on the new foreign currency regulations.

Planning Commission Chairman Discusses Market Stabilization

*24000135c Prague RUDE PRAVO in Czech
21 Apr 89 p 3*

[Interview with Tomas Benes, deputy chairman of the State Planning Commission, by Vaclav Marek: "How To Achieve Stability in Domestic Market"; date and place not given; first paragraph is RUDE PRAVO introduction]

[Text] In its declaration the government took upon itself the obligation to stabilize the situation in our domestic

market within 2 to 3 years. Several corrective measures have already been adopted; nevertheless, it appears that fundamental conceptual decisions must also be adopted. We discussed with Tomas Benes, the deputy chairman on the State Planning Commission [SPK] the preparations in this direction, which are now underway in the SPK.

[RUDE PRAVO] From the shortages of certain types of goods one may conclude that manufacturing organizations are considerably remiss in their duty to supply our domestic market. How was the plan of production fulfilled as concerns consumer goods?

[Benes] If there are deficiencies in supplies to our domestic market, their causes can usually be found in production. Last year, however, deliveries planned by principal suppliers were overfulfilled by almost Kcs 8.5 billion, in other words, by 3.5 percent. Organizations with the highest overfulfillment were those of ministries of industry—by some Kcs 4.7 billion, and those of the Ministry of Agriculture and Food—by Kcs 2.9 billion.

From this point of view, our domestic market was basically balanced, yet certain tensions appeared in it. Problems were concentrated in the structure of the fulfillment of demands. Therefore, even if the deliveries were overfulfilled, we cannot give our production a completely clean bill of health. Furthermore, a sharp increase of personal incomes last year distinctly affected development. Most of those incomes were realized in the market, which led to sales transactions that were more than Kcs 15 billion higher than in 1987.

Despite the steep increase in sales, inventories of organizations of domestic trade were up approximately Kcs 3 billion. Naturally, more plentiful inventories improved the supply.

[RUDE PRAVO] Last year Kcs 1.2 billion in hard currency was released to balance supply and demand. However, this did not leave a major dent in supplies for the market.

[Benes] First of all, that whole amount was not used for import of finished products. About Kcs 350 million were spent for purchasing machinery for modernization of our consumer industry, which, of course, will produce results later. By the same token, one must bear in mind that the amount you mention represents less than 1 percent of total deliveries to consumer goods inventories in retail prices. Therefore, that measure could not leave any deep dent in our domestic market, although it did solve some problems in the structure of deliveries.

[RUDE PRAVO] Well, what will happen with imports in the future?

[Benes] If we want to have a diversified market, we cannot avoid much higher imports of consumer goods. This follows also from the anticipated structural changes

in our national economy and from the needs of efficient international division of labor. We can guarantee good quality in our domestic market only on the basis of well-planned import-export policies, in other words, on a concept where higher imports must be offset by higher exports of our goods, and not on emergency solutions of problems in supplier-consumer relations. With this conception we shall strive to increase the supply of imported consumer goods markedly and in the shortest possible time.

[RUDE PRAVO] Better planning and management of production and of deliveries to our domestic market should really help improve the situation. Some goods are gathering dust in storage, while others are always scarce. One hears critical remarks that the SPK has planned too few bicycles, too few freezers, washing machines, refrigerators, and so on...

[Benes] We do not plan any of those things. The governments stipulate only deliveries of consumer goods in financial quantities for all organizations managed by individual ministries of industry. Specifically, the number of refrigerators, freezers and other goods for delivery to the market is determined in agreement about supplier relations between organizations of trade and production. The new economic mechanism which is about to be introduced will consist of a set of measures to improve these relations.

[RUDE PRAVO] However, people are afraid of some factors of the new economic mechanism. There already were cases where in their pursuit of profits enterprises stopped manufacturing essential goods or lines of cheaper products. What about that?

[Benes] I do not think that the development in our domestic market over the past period was directly linked with the introduction of the new economic mechanism; nevertheless, we must expect that our state enterprises will be interested primarily in the production of goods that will generate the highest profits. Thus, we must prepare expeditiously measures that will combine as much as possible interests of enterprises with interests of our whole society.

In the period of transition, when the supplier's market will still prevail over the consumer market, we expect that the state plan will assign specific tasks concerning a very limited group of goods for our domestic market, by which it will protect the consumer from any potential efforts to exploit the monopoly status; on principle, however, even in the period of transition we want to curtail these bureaucratic interventions as much as possible and apply above all rational methods of management. For example, we are considering certain premiums and discounts on wholesale prices for higher or lower deliveries of consumer goods. However, I admit that problems with the implementation of the new economic mechanism may occur and that it may be necessary to look for other methods as well.

[RUDE PRAVO] But what can be done in situations where enterprises in their pursuit of profits will rather export goods that are in short supply?

[Benes] We are drafting policies which will enable us to apply economic measures to curtail the attractiveness of such exports. In instances where that cannot be done, we will even consider a ban on exports. This is no discriminatory measure; even the most advanced states act this way and enforce bans on exports of certain types of products or use restrictive export quotas.

[RUDE PRAVO] Many uncertainties stem from the formulation of developmental programs. Will they pertain to consumer goods as well?

[Benes] There were controversies about the concept of developmental programs. The concept approved in the end stipulates that state developmental programs will serve as a mechanism of the state plan. These programs will be comprehensive—from research, development, production, and consumption—and safeguard inevitable structural changes which will be transposed to organizations of production on the basis of economic interests and benefits. The center will create conditions which will motivate the interest of state enterprises to participate in developmental programs. Therefore, specific developmental programs are now being formulated. To resolve selected structural problems which affect the production of consumer goods, a program for the development, for example, of selected sectors of textile, garment and leather-processing industries is in the drafting stage. Furthermore, conditions for the development of manufacture of footwear, freezers, color televisions, automatic washing machines and certain other types of engineering consumer products are now being stipulated. We want specifications of the program for guaranteed deliveries of video devices, CD players, personal computers and microwave ovens. These programs should guarantee their deliveries, and therefore, we envisage their production by our manufacturers as well in cooperation with foreign manufacturers, or wherever it may be more advantageous, we will directly import them.

[RUDE PRAVO] Thank you for the interview.

Expert Defends Border Coking Plant Criticized by Poles

24000143b Prague RUDE PRAVO in Czech
17 May 89 p 2

[Interview with Eng Josef Kaniok, manager of the department for expertise on investments, Ostrava-Karvina Mines state enterprise in Ostrava, by Karol Mikulka: "An Asset for the Environment"; date and place not given; first paragraph is RUDE PRAVO introduction]

[Text] In the Eighth and Ninth 5-Year Plan one of the most important investment programs in the branch of fuels will be the construction of a new coking plant in

Stonava in the Karvina area. We discussed the benefits of a modern coking plant and the needs of our national economy with Eng Josef Kaniok, manager of the department for expertise in investments of the Ostrava-Karvina Mines state enterprise in Ostrava.

[RUDE PRAVO] What was the basis for the decision to build a new plant in Stonava? There already are three plants operating there at present. Cannot they meet the demand for coke?

[Kaniok] The construction of the new plant was envisaged in the program for the development of Czechoslovak coking industry and approved by the presidium of the CSSR government back in 1975. The new plant will not increase the number of coking plants in the Ostrava region. On the contrary, since the operations in the Karolina and Trojice plants have already been terminated, after its completion this plant will make it possible to close the Jan Sverma coking plant and the Czechoslovak Army Plant in Karvina because the technology of these two plants is obsolete; they greatly pollute the environment in the vicinity of Ostrava as well as the area near our state border with the Polish People's Republic. Both these plants will be operating only until the Stonava plant launches its coke production. In this we are benefiting very much from the assistance of a Polish construction crew from the Techma Company in Cracow, that has completed in 10 months work in the value over Kcs 130 million.

[RUDE PRAVO] Is Stonava the most suitable location for this construction?

[Kaniok] Several variants of the plan were made, but in the end the Stonava location was chosen mainly because up to 60 percent of the charge, i.e., the coking coal, will come from the nearby CSM Mine. Coal can be transported on belt conveyors, which will substantially cut our production costs. Moreover, the new plant is situated in an area where there is no danger of mining and soil subsidence. This is precisely the kind of environment required for safe, faultless operation of large spatial batteries.

[RUDE PRAVO] What is the difference between the technical plan of the Stonava plant and the existing coking plants?

[Kaniok] There are many innovations, mainly concerning higher labor productivity in the large spatial coke-oven batteries made on the basis of a Soviet license, and also better ecological parameters. For example, instead of quenching the coke with water, which involves high columns of steam containing solid particles—chemical products including sulfur dioxide—our plant will use dry cooling for the first time. This involves a practically closed cycle in which heat is utilized—in winter, the steam will be used for heating, and in the summer, to generate electric power. In addition, several stages of the process of purification will simultaneously liquify the

concurrent phenol ammonia water. These are two examples of the many advantages of our new plant, which will improve the environment after the old coking plants are closed and which will continue the absolutely necessary production of coke.

[RUDE PRAVO] Has the experience of foreign experts on coking been applied to this construction?

[Kaniok] Next to the technical equipment, such as the batteries made according to a Soviet license, the planning of our coking industry was discussed within the CEMA as well. At the meetings of the coking industry section we informed the Soviet, Polish and other experts about our plans. They offered us valuable information from their own experience. At those meetings a whole gamut of problems is always discussed in detail—from technology through economy up to ecology. Only then can any potential plan be regarded as acceptable.

[RUDE PRAVO] May we also regard the plan for the Stonava coking plant as appropriate? Have all essential parameters been observed?

[Kaniok] We have already mentioned some technological and economic issues. As for the ecology, it caused our planners quite a few headaches. They were under constant pressures and strictly supervised by the hygienists, national committees and other agencies which control our country's air, water and so on. For that reason, the plan had to be altered several times. Now we can boldly state that it conforms to all strict principles of environmental protection; for example, our state enterprise implements direct investment programs for the construction of a new waste water purification plant in Karvina, an undertaking costing Kcs 326 million, which at the same time will represent the final stage in the process of purification of phenol ammonia waste water from our new coke plant. There are many more examples of this kind. We can offer anyone plenty of information, documentation, analyses, opinions and assessments that demonstrate that during the planning and construction of these plants environmental issues were of the greatest importance. You may come and see for yourself. Feel free to extend our invitation to whoever may doubt the veracity of my words.

ROMANIA

Recent Developments in Workers' Remuneration
27000065 Bucharest ERA SOCIALISTA in Romanian
No 7, 10 Apr 89 pp 18-24

[Articles by univ prof Dr Dumitru Ciucur, univ reader Dr Gheorghe Raboaca, Dr Ioan Bratu, Corneliu Prisacaru, Mariana Iovitu, and Maria Molnar; first four paragraphs are ERA SOCIALISTA introduction]

[Text] Knowledge and unfailing observance of the requirements of the objective socialist law of distribution according to work, consistent application of the

principles of material incentive and of socialist ethics and justice, further improvement of the workers remuneration system and, above all, constant improvement of the people's material and cultural living standard in step with national socioeconomic development are major and permanent aims of our party and state and of Comrade Nicolae Ceausescu personally. In the years following the Ninth Party Congress the party secretary general has made the dialectical correlation between our socialist society's all-around progress and our citizens' working and living conditions abundantly clear, as well as the facts that in Romania work alone bestows the right and the opportunity to obtain incomes however large they may be, and that Romania does not tolerate exploitation of others' work, parasitism, profiteering or any other ways of acquiring incomes and property without working.

The current heavy increases in wages and pensions are a new and cogent indication of our party's and state's constant concern for the people's greater good and their quality of life in general and for creating the best conditions for development and assertion of the personality.

This broad social program began on 1 August 1988 and is being implemented in pursuance of the decisions of the 13th Party Congress and the National Party Conference and the provisions of the Party Program for Further Improvement of the Workers' and Entire People's Living Standard. In the period from 1 August 1988 to 1 January 1989 all categories of workers benefited by increases in base pay between 1,500 and 2,250 lei. The third stage of the increases began as of 1 March 1989, raising base pay by more than 2,250 lei at intervals and according to sectors. The Political Executive Committee of the RCP [Romanian Communist Party] Central Committee approved Comrade Nicolae Ceausescu's suggestion to complete the program to raise wages by 1 August 1989, or 1 month earlier than planned. Thanks to the raises, the average wage will reach 3,300 lei by the end of this program, compared with the previous 2,980 lei. Workers will accordingly benefit by additional incomes amounting to 24.4 billion lei in 1989. In 1990, when all workers will be benefiting by raises, they will collect additional incomes amounting to 29 billion lei throughout the year.

In view of the varied theoretical and practical aspects of distribution in our socialist system and its vital role in the nation's whole socioeconomic development, the editors of our journal arranged a discussion in the form of a series of articles examining some of those aspects in depth. We are publishing the discussion in this issue.

[Article by Univ Prof Dumitru Ciucur: "Remuneration According to Work as an Objective Economic Law of the Socialist System"]

In the period inaugurated by the 13th RCP Congress, which is the most successful in our people's entire history, a scientific, original and realistic policy was

developed concerning distribution according to quantity, quality and social importance of work and in direct proportion to every worker's actual contribution to the progress of social production. Socialist ownership and knowledge and creative application of the general principles of scientific socialism and of the system of objective economic laws operating in our socialist order are the lasting foundations of this policy, originating in Secretary General Comrade Nicolae Ceausescu's creative thought.

As an objective economic law, the law of distribution according to work reflects the relations established among the members of socialist society in connection with creation and distribution of the part of the social product, or national income, allocated to individual consumption according to the quantity, quality and social importance of the work performed and the actual results obtained in production. This law epitomizes the socialist principle of distribution "From each according to his ability and to each according to the work performed," which principle requires every member of society to perform a useful and socially necessary job and the size of his remuneration and incomes to depend directly upon his fulfillment of production tasks, the quality, productivity and efficiency of his work, and his performance of his functions and responsibilities.

As we know, in their strategy of socioeconomic development our party and state specially emphasize workers' material incentive in their new capacity as united socialist owners, producers and beneficiaries of the national wealth and as leaders of social production. Reflecting the purposeful use of the requirements of the law of distribution according to work, the incentive system takes account of such criteria as equal pay for equal work, pay differentiated according to the workers' qualifications, the socioeconomic importance of the work, the conditions under which it is performed, and the quantity, quality and actual results obtained by each worker. As the secretary general says, "In improving the material incentive and remuneration system in all activities we have been proceeding from the socialist principles of remuneration according to work and from the socialist principle, 'neither bread without work nor work without bread.'"

In our socialist society, use of the law of distribution according to work is based on the particular and qualitatively new way it unites the producer with the production means, that is it eliminates economic coercion and unites the workers directly with the production means. That means it converts work from a source of use of capital and capitalist ownership to a source of greater use values for purposes of raising the material and cultural living standard of all members of society.

Under socialism, enhancing the quantity and quality of social labor and the effectiveness with which that labor is expended, as well as responsible use of materialized labor by every worker and by society as a whole, are the

main requirements for implementing the purposeful function of production. That is why the RCP and its secretary general believe that private interests can be harmonized with general and group interests only by making the degree of satisfaction of private needs dependent upon the participation of every member of society in enhancing the volume, quality and effectiveness of work, in increasing the national income and, in fact, in meeting the necessary conditions to accomplish the purpose of socialist production.

In our society, from which the parasitic social classes have been permanently eliminated, the law that you cannot consume unless you have produced applies to the whole community, and the people's living standard is not raised unless every worker contributes to growth of the national wealth. Meanwhile distribution is implemented in such a way as to enhance welfare and all-around development and expression of the personality and to stimulate further development and modernization of production, without which there can be no provision either for more efficient social labor or for regular improvement of the living standard and the quality of work and life. All-around development of the individual is accordingly both the purpose and the nature of socialist production as well as a requirement for the development of socialist society as a whole, so that the material incentive becomes an important component of the general operating mechanism of the economic laws of socialism.

The law of distribution according to work provides a material incentive in the highest degree, since work is the sole criterion for distribution of the individual consumption fund. This interpretation of the law of distribution according to work brings out the fact that the distribution of the individual consumption fund is differentiated according to the participation of every member of society in social labor and the results he obtains, always allowing for the necessity of covering the needs of social labor in any given structure, the actual results of the collective to which each producer belongs, and the requirement to conserve social labor in both of its live and materialized forms.

These criteria make distribution profoundly equitable and implement an important aspect of social justice by providing all members of society with equal opportunities for advancement, since the one who works better and obtains better results receives a larger share of the national income. As Comrade Nicolae Ceausescu said about this at the Working Conference on Economic Problems at the RCP Central Committee of 2-3 March 1989, "We must always take care that no one in our society receives incomes without work or by exploiting others' work. Let us consistently apply our principles and the remuneration system, which ensures continuing growth of incomes on the basis of each one's work and effort. It is by work alone that all Romanian citizens in all fields can and must keep increasing their incomes."

In the present stage of Romania's development, with the strategic objective of transition to the new stage of a medium developed country, the party and its secretary general expect the workers to make every effort toward exemplary fulfillment of the plans and programs for socioeconomic development with ever better quality and the lowest possible outlays, and to ensure the constant growth of economic effectiveness and of the national income as the basis of general social progress and the people's greater good. Moreover, on the basis of the principle of distribution according to work and of each one's contribution to social development, the party makes a constant effort to bring about an equitable ratio between small and large incomes by maintaining the differentiation and material incentive in work and providing all members of society with the necessities of life and of their physical and intellectual development. The present ratio of 1:4.7 between small and large incomes has been operating in just that way. As Comrade Nicolae Ceausescu says, this ratio will be improved so that in the next 5-year plan and probably throughout the next decade a ratio of about 1:4.5 between small and large salaries will be practically assured.

The greatest pay raise in all the years of socialism is now being implemented in Romania. As we know, at the party secretary general's suggestion the Political Executive Committee of the RCP Central Committee approved the decision to complete the pay raises a month early, so that as of 1 August 1989 all workers and pensioners will receive higher wages and pensions.

Of course the increases in the workers' wages and incomes are going on in close connection with development of the productive forces, with growth of labor productivity, and with a rise in the technical and qualitative levels of production, proving once again that the material and cultural living standard of the people and of every worker keeps going up as society's economic strength increases.

In stressing the role and importance of the economic law of distribution according to work in Romania's present and future socioeconomic development, it should also be pointed out that this law does not operate in isolation but in close correlation with all the other laws of socialism, including the socialist law of population. That viewpoint brings out the exceptional theoretical and practical importance of Comrade Nicolae Ceausescu's theory that activity must be organized so that every citizen fit to work will participate, within the social division of labor, in the development of society and perform a necessary and useful job, since there are no unemployed workers or people without work in Romania.

Unemployment is characteristic of the bourgeois order based on exploitation and oppression and private capitalist ownership of the production means, and it is incompatible with the nature and principles of socialism. The president of Romania keeps pointing out the need of

proper organization of all socioeconomic activity, consolidation of political-educational and cultural work, and improvement of the activities of the state bodies and workers-revolutionary democratic bodies under the leadership of the party as the vital center of Romanian society, so that all able-bodied citizens will make an effective contribution in perfect order and discipline and in the true revolutionary spirit to the nation's general development and to its rise to ever higher levels of material and cultural civilization.

**[Article by Univ Reader Dr Ghoerghe Raboaca:
"Intensive Economic Growth Brings Better Pay"]**

Now that Romania is firmly committed to intensive economic growth and transition on that basis to a medium economically developed country by the end of this 5-year plan, our party's secretary general, in his speech on 28 November 1988 and also in his speech at the Working Conference at the RCP Central Committee in March 1989, pointed out again very emphatically that distribution according to work must be consistently promoted and implemented on the principles of socialist ethics and justice as a prerequisite for the nation's general progress and its rise to new heights of civilization.

Of course intensive economic growth has its effect upon the instruments of the principle of distribution according to work (the system for remuneration for and standardizing of work), which must be flexible and always suited to the conditions and requirements of each stage, while the principle as such contains common requirements that are always the same until it is replaced by another, higher principle, the communist one of distribution according to need. While extensive economic growth consists of increases in production and economic effects in general in proportion to those in the primary, quantitative production factors (fixed assets, objects of labor and the labor force), intensive economic growth is characterized by increasingly greater increases in production and economic effects than those in consumption of the primary, quantitative factors.

The fact that intensive growth requires economic effects greater than the inputs per unit of output, as far as possible to a greater and greater extent, is explained by the fact that this kind of economic growth requires smaller and smaller quantities of resources (fixed assets, objects of labor and physical labor force) and greater and greater quantities of science, highly skilled labor and intellectual work. That feature of intensive economic growth is heavily accentuated by the new scientific and technical revolution, which opens up prospects that present and especially future economic development can be implemented not only without increasing the resources but even with a decrease in their volume and primarily in the volumes of physical work, energy and objects of labor.

Substitution of highly skilled and intellectual work for primary resources reflects nothing but a considerable gain in efficiency, and it has a powerful effect upon the system for remuneration for and standardizing of work. The capacity of distribution to direct the workers' creative thought and action toward satisfaction of the social needs and interests and implementation of the options, aims and tasks characteristic of intensive growth as determined by party policy depends upon the way that problem is solved in the course of regulating and organizing distribution of the consumption fund.

The only viable prospect of implementing distribution according to work under intensive economic growth was pointed out with great precision and scientific accuracy by Comrade Nicolae Ceausescu in his speech in November 1988, where he says that "We must see that remuneration on the overall contract system is applied as well as possible in all activities and constantly apply the principles of socialist justice and ethics, in order to increase the proportion of social incomes that will provide for all citizens' general necessities in step with Romania's development and the implementation of the RCP Program for Building the Fully Developed Socialist Society. That, moreover, is one of the ways of gradual transition to fulfillment of the communist principle of working and living."

In the course of the party's persevering efforts to improve the system for remuneration for and standardizing of work in the years since the Ninth Party Congress, the main concern has been to reinforce the correlation of remuneration with the results of work. In order to carry out this basic requirement in practice, the party secretary general brilliantly demonstrated the truth the results of work, both quantitative and qualitative, and the technical and qualitative levels of the products, as well as the outlays with which they are produced, are the essence of the principle of distribution according to work.

In accord with this scientific procedure, a vast and profound process of improving the system of distribution according to quantity and quality of work was undertaken on a number of principles such as guaranteeing a job, not guaranteeing an income without work, not limiting an income based on results of the work, increasing labor productivity more rapidly than pay, increasing the proportion of the variable part of the pay with a corresponding reduction in base pay, generalizing the overall contract system throughout the economy and improving the work norms for all categories of personnel for that purpose, etc. Accordingly the wages of all categories of workers in enterprises, centrals and ministries were correlated (in particular ways depending on the distinctive features of each sector and branch of activity) with the major aspects of intensive economic growth, namely physical production, commodity production, export production and exports (which are now the main priority in our national economy), the technical and qualitative levels of products, growth of labor productivity, and reduction of production costs and especially of

material outlays or, in a word, with both the quantitative results and a very wide range of qualitative aspects and with the overall evolution of efficiency and its various aspects.

The results of the truly revolutionary improvement of the remuneration system, work norms based on quality and efficiency, and intensive economic growth were not long in coming. Physical production, commodity production, exports, productivity and product quality all went up, the outlays were lowered, improving the economic correlations, the wage fund and the average wage no longer overtook the growth of production and of labor productivity as a rule, the national income increased faster than the social product, and so forth.

But as Comrade Nicolae Ceausescu quite rightly said, the results obtained are still far short of the possibilities and especially of the requirements of intensive economic growth. That is why the party secretary general stresses the necessity of consistent application of the principles of the new economic-financial mechanism and of the remuneration and standardizing system as well as the requirement to constantly improve them.

Intensive economic growth requires consistent and strict application of the overall and direct contract systems and of all principles and standards of the remuneration system according to the provisions of the legislation in force. Correct application of the principles and standards of the remuneration system essentially requires reinforcement of the correlation of pay with the results of work. The party secretary general's directions and guidelines are of inestimable theoretical and practical value in that respect. The leader of our party and state has frequently pointed out that correlating pay with the results of work is the only way to meet the requirements of both intensive economic growth and an equitable incentive at the same time. The workers' effort to develop and apply science and technology and to accomplish the aims of bringing Romania up to the level of countries with a medium economic development and then, by the year 2000, up to that of the economically highly developed countries depends upon close correlation of remuneration with results, as well as growth and modernization of socialist ownership and the very implementation of the RCP Program for Building the Fully Developed Socialist Society and for Romania's Advance Toward Communism. That is why regular in-depth examination of the ways of correlating pay with the results of work both through the overall contract system and, in general, through the whole system for remuneration for and standardizing of work is vitally important and must be done in all components of the socioeconomic body.

As Comrade Nicolae Ceausescu said at the Working Conference on Economic Problems at the RCP Central Committee, "The whole effort to improve the system for remuneration on the overall contract system on socialist principles must be a constant concern of all economic

organs, trade unions and party organizations." That ensures more and more intensive promotion of the principles on which the conception of the present system for remuneration and standardizing work is based, exemplary implementation of the present priorities, aims and tasks of the Romanian economy, and close correlation of development of the national economy with improvement of the workers' living standard.

[Article by Ioan Bratu: "The Key Factor for Distribution and Efficient Use of the Labor Force"]

In the party's view the labor force is a major component of the production forces that create and activate the whole series of production means in order to develop social production and raise the people's material and cultural living standard. By augmenting the interdependence of all components of the production forces, the current technical-scientific revolution considerably enhances the role of the human factor in the development of social production. As Nicolae Ceausescu says, "No automating or robotizing can replace man. Both in the next period and thereafter man will always be the critical factor for progress, civilization and economic and social development."

In social production the material factors and the human factor are in a certain quantitative and qualitative ratio. Thus a certain volume and technical level and a certain structure of the production means require a certain number of people, a certain level of qualification, and a certain professional structure of the labor force. Accordingly the structure of the labor force according to levels of qualification and professions reflects the technical level and structure of the production means. In their turn the technical level and structure of the production means depend on the level of training and professional structure of the labor force. A high level of qualification and a professional structure meeting the demands of contemporary science and technology favor the creation of modern economic structures and their continuing improvement. A high economic growth rate can be attained by constantly securing a dynamic structural balance of all components of the productive forces that is conducive to the most efficient use of the resources.

A number of levers and instruments are used in our socialist society to secure a dynamic balance between the needs of the productive system and the labor resources. Among these a critical part is played by the system for planning and organizing labor, the remuneration system, and the system of social incomes. The present remuneration system in Romania, continually improved since the Ninth Party Congress, meets the requirements for distribution and efficient use of the labor force in full accord with the needs of rapid development of social production and improvement of the workers' material and cultural living standard. The remuneration system was improved on the socialist principles of distribution according to work.

In the RCP's view remuneration can and must make a significant contribution to the balance between the requirements of social production for a labor force and the short-, medium-, and long-term labor resources. To that end all the components of remuneration or of the remuneration system must be determined so as to regularly reflect the various changes taking place in the nature of the work and working conditions, in the professional and qualifications structure of the labor force, etc. That is the only way remuneration can benefit by the capacities of the other economic instruments and levers in order to provide all sectors and activities with the needed manpower both quantitatively and qualitatively.

As income and the chief means of meeting material and cultural needs, remuneration together with other sources performs the functions of reproduction, distribution and efficient use of the labor force, and it is accordingly an instrument for proportioning and purposefully regulating the economic ratios in conformity with and on the basis of the Unified National Plan, for distribution and use of the labor force according to the structure of the social needs, for encouraging the organization and improvement of the occupational training of the labor force in accordance with the requirements of development of social production, and for modernizing the producers' behavior by correlating individual and social interests.

Of course remuneration plays an important part, differing from one stage to another and from one sector to another, in recruiting and stabilizing the labor force and in improving its professional training in keeping with the changes that take place in the technical level of the production means. By virtue of its functions, remuneration stimulates not only the recruitment and stabilizing of the labor force but also the processes of its distribution according to the changing requirements of social production. In fact, while other components of the mechanism for covering the manpower requirement can help to balance the labor force with the needs of production in terms of physical persons, remuneration is qualified by its stimulating powers to balance production with labor in units of work even in case of a numerical shortage of personnel.

Distribution and the efficient use of the labor force mainly depend upon differentiating base pay rationally, standardizing labor, and applying forms of remuneration suited to the nature of production and the work, and also on whether the contribution in work is correlated as closely as possible with the pay. Any underestimate of the importance of differentiating the workers' pay, or unduly differentiating the pay of the various categories of the labor force, may interfere with the distribution and efficient use of that resource and cause imbalances and discrepancies between the required and the existing manpower according to sectors, professions or trades.

The matter of differentiating remuneration is particularly important in the present stage. Young employees are increasingly satisfied with the minimum wage at its present level. The more rapid increase in the minimum wage than that in the medium or maximum wage is explained by the fact that the new contingents of young workers have a higher level of general and occupational training (over 10 years now and over 12 years by the end of the current 5-year plan). Our state's efforts to enhance the general and occupational training of all youths has narrowed the gap between the minimum and maximum levels of qualification of the labor force. Moreover the ratios among the wages necessarily allow for the improvement in the technical equipment of labor and in the working conditions in all activities. The results of these processes are reflected in the decreased spread between the high and low salaries from about 1 to 10 in 1969 to 1 to 4.7 at present.

The Romanian remuneration system closely correlates the amount of pay with the importance of the sectors, subsectors and activities, the qualification of the labor, the degree of responsibility, the working conditions, the amount of work performed and the actual results in production. The more closely the pay is correlated with those factors the more it contributes to distribution and efficient use of the labor force in accordance with society's needs.

Base pay, which is the main part of the earnings, plays a very important part in distribution and rational use of the labor force. By means of its level, base pay contributes to the professional orientation of the labor resources according to the needs of production, and it helps to shape the professional and qualifications structure of the labor force. As a means of stimulating the organization and improvement of the labor force's training, base pay has its particular effect both in the stage of choosing a profession and throughout the active life. In support of those processes base pay is differentiated primarily according to the importance of the sectors, subsectors and activities to national socioeconomic development. The places and roles of certain sectors, subsectors and activities in the development of social production, the entire technological process, the degree of technical equipment of labor etc. are considered in differentiating the pay by that standard, which enables base pay to contribute to allocation of the labor resources according to the needs of each sector, subsector and activity.

Differentiation of base pay according to quality of work reflects the differences among particular jobs as regards the outlays on organization of the training process and its duration, which are indicative of the potential contribution the various categories of the labor force make to the development of social production. This differentiation enables base pay to encourage the fullest possible use of the potential created by the personnel training system and of the technical-material potential of production as well. In that way base pay serves one of the most important purposes of encouraging the organization and

improvement of the training of the labor force in keeping with the technical level of the production means and with the requirements for greater economic effectiveness.

Base pay is also differentiated according to the degree of responsibility for the proper manufacture of products, for use of the production means, and for good management of the whole productive potential. To be sure any worker's performance of his tasks involves a certain amount of responsibility, but base pay is differentiated primarily for the activities that involve above-average responsibility, especially in organization and management of production and labor and in efficient use of the productive, technical, human and financial potentials. In order to reflect the degree of responsibility in the performance of tasks, compensation is granted by the personnel management that performs such functions, and the compensation is differentiated according to sectors or activities, the size of the unit, and the complexity of the tasks.

Base pay is also differentiated according to working conditions. This criterion is applied either directly, through the amount of base pay, or by way of increases by a certain percentage in the base pay of personnel in certain jobs or fixed increases for special conditions.

Base pay is also differentiated according to studies and length of service in a trade or profession. Within each function, professions or trades are accorded classes, categories and grades of remuneration. Moreover, the increase for continuous service in the same unit is also an economic lever that contributes to personnel stability and to a differentiation according to length of service and experience in a job.

An important function in distribution and use of the labor force is performed by the forms of remuneration, namely the overall and direct contract systems, which are very effective in lowering outlays on labor and materials because they enhance labor productivity and reduce the manpower requirement.

The overall contract system serves to enhance the collective character of production and labor and the coordination of the various work places, shops, sections and enterprises. The main objectives of the system are to correlate growth of production and labor productivity rationally with the workers' pay raises and to set and pay wages on the basis of the actual results of the work. By virtue of its functions the overall contract system, which was introduced in Romania in the early 1980's, is a modern form of remuneration with greater incentives than other methods that meets the requirements of both the current economic-financial mechanism and distribution according to quantity and quality of work.

The overall contract system was designed and applied in order to enhance all workers' incentives and sense of responsibility in the performance of the plan tasks, to

make full use of the production capacities and working time, to expedite acquisition of the habits and knowledge essential to efficient economic activity, to enrich the content of the work, and to further the spirit of initiative and collaboration in meeting contractual obligations as well as receptiveness to the new, in other words to direct every worker's activity, regardless of his position in the social division of labor, toward accentuation of the qualitative, intensive aspects of economic growth.

The overall contract system performs two functions, organization and remuneration, and they are closely interdependent. Accordingly, use of the incentives of that form of remuneration critically depends upon the organizing function, which is intended to provide all the necessary conditions for optimal performance of the work processes. The incentive function in its turn makes for better organization and management of production and labor for greater economic effectiveness.

Use of all the incentive potentials of the overall contract system chiefly requires organized preparations for production on a modern basis, regular technical-material supply and sales of products, setting and applying scientific standards and regulations for all categories of resources, and precise measurement and recording of the efforts and the results of the work of every crew and every member of it.

[Article by Corneliu Prisacaru: "The Greater Role of Social Incomes"]

Continuing improvement of the entire people's material and cultural living standard is the major aim of the RCP's strategy for building the new social order, and all of socialist Romania's national resources, labor, skill and intelligence are devoted to it. In the field of the public's incomes, this aim is accomplished through priority growth of incomes from work and of those from the social consumption funds (social incomes) as well. In his speech in November 1988 Comrade Nicolae Ceausescu said, "Social incomes play an important part in raising the living standard. They have steadily increased in the years of socialism and especially since the Ninth Party Congress, and this year they amount to more than 15,000 lei per family compared with 3,800 lei in 1965."

The social consumption funds are an economic category meaning the part of society's net income by which the public benefits in the form of cash incomes (pensions, allowances and aids for children, compensations for temporary losses of fitness for work, cash scholarships, etc.) and incomes in kind in the form of goods granted or services rendered free of charge or for easy payments (subsistence in school and student canteens and health-protection units, social aid, rest and treatment in spas, school uniforms, education, health protection, physical education and sports, culture and art, social aid and insurance, etc.).

The functions and importance of the social consumption funds are clearly defined in the RCP Program for Building the Fully Developed Socialist Society and for Romania's Advance Toward Communism where it says, "The social outlays will be increased along with the growth of direct incomes, and they will be increasingly important in meeting the public's general requirements. Society will seek to provide for the necessities of education, health protection, recreation and culture better and better for all citizens, and it will assume more and more of the task of raising and caring for the young generation and providing worthy living conditions for the elderly."

Analysis of the role and functions of the social consumption funds reveals the effects of their use upon the further improvement of the public's living standard. Alongside the incomes from work, they are an important component of a family's total incomes. Moreover for pensioners' families the incomes from the social consumption funds in the form of pensions are the sole source of subsistence in most cases.

By their very nature the social consumption funds are comprehensive and present a variety of forms and programs. From that viewpoint, they are a particular form of distribution, a combination of distribution according to need with distribution according to quantity, quality and social importance of work.

The chief role of the social consumption funds is to solve such major social-cultural problems as development and modernization of education on all levels; health protection and further improvement of the public's access to medical care; providing the elderly or persons incapable of work with the necessities of life; protection of mothers and children etc. Meanwhile the social consumption funds are a great help in leveling the living standards of the various categories and groups of the population.

The incomes in kind in the forms of goods and services that are obtained by larger families out of the social consumption funds help to balance those families' budgets of incomes and outlays because if those goods and services were not granted or rendered free of charge or with easy payments, the budget of a larger family would be burdened by their cost more than that of a smaller family with the same level of incomes obtained from wages. Moreover the social consumption funds enhance the incomes for consumption in the lower-income families because those families enjoy some facilities and advantages over the families with greater earnings (the state allowance for children is differentiated according to the number of children supported and the amount of the incomes from wages, the tickets for rest and treatment in spas are granted free of charge or at a lower rate for certain categories of beneficiaries, etc.).

Although distribution of the social consumption funds is recognized as a distinct form of distribution, it does not operate separately but together with distribution according to work, thus forming a combination of distribution relations in our socialist society.

The correlation between the social consumption funds and the wage funds is so designed and implemented that the results will raise the entire public's living standard, while achieving a maximum economic effectiveness because of the greater incentive character of the remuneration.

The social consumption funds are composed, within the overall process of redistributing the national income, of several kinds of funds including the funds for social-cultural programs financed out of the state budget; the funds for social programs of the state economic units, created by application of the current economic-financial mechanism; the social-cultural funds of the artisan cooperatives, including those of their Social Security Fund; the social-cultural funds of the cooperatives for production, purchases and sales of commodities and those of the credit cooperatives; the social-cultural funds of the agricultural production cooperatives, and the funds allocated to communal administration and amortization of fixed assets for social-cultural purposes.

In 1988 the social consumption funds amounted to 118.7 billion lei, or 2.3 percent more than in the preceding year, and the following were provided out of them free of charge: schooling for about 5.6 million persons, or 24.1 percent of the whole national population; medical care for the entire population by 48,000 physicians and over 135,000 intermediate health personnel; pensions for more than 3 million social insurance pensioners and members of agricultural production cooperatives; allowances for about 5 million children, etc. Now over 99 percent of the children are born in health-protection units, the number of beds for medical care has reached 215,000, and there are 9.3 beds per 1,000 inhabitants and an average of one physician per 472 inhabitants. The education system (kindergartens, primary schools, gymnasiums, high schools, trade schools, schools for craftsmen and institutions of higher education) now includes about 28,000 units supported by allocations out of the state budget for financing education. The average pension of state social insurance pensioners for work performed and the age limit on complete length of service will reach 2,000 lei this year due to the new pay raise.

The way the social consumption funds are formed and used to benefit the entire population brings out once again the importance that our party and state attach to further improvement of the material and cultural living standard of the masses of workers, to practical implementation of the principles of ethics and justice characteristic of the socialist system, and to construction of the new social order with and for the people.

[Article by Mariana Iovitu: "Correlation Between Economic Development and the People's Greater Good"]

Socialist construction in Romania has created the necessary structure for unifying the economic and social aspects of that process and devoting production and all

creativity to better and better satisfaction of the entire people's material and cultural needs. Since the Ninth Party Congress especially, our party's and state's policy has been designed for further improvement of the living standard of the population, in all its social classes and categories, alongside economic growth.

To that end, the party always proceeds from the need of developing and modernizing the productive forces. As a controlling factor for Romania's rapid all-around progress, for further improvement of economic and social relations, and for modernizing the national economic structure, development of the productive forces is vital to a high material potential to provide for the quantity, variety and quality of goods and services essential to economic development and to full satisfaction of the public's needs.

By its very nature socialist society serves man by providing equal working and living conditions for all its members so that the entire people will benefit by the results of economic growth and of modern, socialist civilization. Therefore rapid growth of the productive forces in the stage of building the fully developed socialist society is no end in itself but an essential requirement for steady growth of the total social product, of the per capita national income, of the industrial output, and of labor productivity and, finally, for a higher living standard.

A critical role in the broad process of Romania's all-around socialist progress is played by growth of the national income, which is the most cogent indicator of the level of social development that summarizes a people's resources, energy and work. The way the growth of national income is planned and implemented considerably affects the general development of the economy and society. Of course the particulars of the process of economic and social development and of expanded socialist reproduction are reflected in the formation, distribution and use of the national income.

Proportioning the part of the national income allocated to accumulation and socioeconomic development and the part to meet the public's needs, or optimal determination of the ratio between accumulation and consumption, is a major question of social progress that constitutes by its nature a critical political option and a decision requiring close correlation of Romania's immediate interests with its long-term ones. In their consistent effort to keep developing the national economy as a basis for raising the public's living standard, our party and state emphasize consistent promotion of a scientific, rational policy of allocating a large part of the national income to the accumulation fund for the further consolidation and development of socialist ownership. In the last 24 years about one-third of the national income has been allocated annually to the development fund and two-thirds of the consumption fund in order to implement the programs to develop the productive forces, industry, agriculture, science, education and culture as well as the broad program for housing and social-cultural

constructions as the basis for developing society and improving the people's welfare. As Comrade Nicolae Ceausescu said at the Working Conference at the RCP Central Committee in March 1989, "We must always bear in mind that improvement of the general living standard heavily depends upon the nation's general development and upon formation and intensive development of industry, agriculture, science, culture and the other activities. Without an adequate socialist accumulation of at least 30 percent, we would not now have the requirements provided to raise the people's living standard. If we do not continue this policy we may jeopardize our whole nation's future."

By functioning effectively as a prime factor for the all-around progress of the productive forces and for growth of the national income and wealth, the stable policy of maintaining a high accumulation rate has made it possible to adopt successive measures to increase the incomes of all categories of workers. These measures involved all the factors making for the highest possible living standard for the whole country's population in both cities and villages, namely increasing the number of jobs and the population's employment, increasing nominal and real incomes, expanding and diversifying consumption of goods and services, improving working, housing and recreational conditions, expanding instruction and health protection, etc.

The progress in national economic development made it possible to increase the consumption fund considerably from one period to the next on the basis of the national income's growth. The main part of this fund is allocated to individual consumption, to growth of the direct incomes received by the members of society according to quantity, quality and social importance of the work performed. Moreover our state has steadily increased the funds to expand social-cultural programs, by which the whole national population benefits.

Experience in the last 24 years proves that setting an optimal ratio between accumulation and consumption makes it possible to harmonize socialist Romania's present and future interests by providing for the greatest possible satisfaction of the public's material and cultural needs at a high rate of national economic development. Accordingly the requirements of accumulation and consumption entirely coincide from the standpoint of the general interests of society and the long-range development of the national economic complex as a whole.

The developmental levels of the productive forces and of the technical-material base of society and the workers' share in the process of socialist distribution affect each other because there is a dialectical interaction between them with broad prospects and profound consequences, harmonizing the general with the collective and individual interests of the members of society. Actually, this interacting mechanism is based on two processes. The first is the reflection of the evolving development of the productive forces in a gain in volume and value of the

national income, and that gain favorably affects the growth of the funds for accumulation and consumption respectively. The increased volume of accumulation is to be seen in a wide range of investments with prospects of future development, for purposes of securing the continuity of national socioeconomic development. While the accumulation fund is ultimately devoted to general future interests, the consumption fund serves the present interests primarily. The gain in the consumption fund is reflected in satisfaction of the individual interests and their correlation with the collective interests, contributing in that way to a well-founded rise in the entire people's living standard.

The second process on which the correlation between development of the productive forces and improvement of the living standard is based involves the system of socialist distribution according to quantity, quality and social importance of the work performed. Remuneration and the other incomes from work are showing their directly stimulating effect on the workers' material incentive. The emphasis on the material incentive of the enterprises and their workers in the present stage is promoting the policy of raising workers' incomes, while direct correlation of their earnings with their actual contribution to the development of the various socioeconomic activities favorably affects the degree of worker participation in fulfilling the plan tasks. Removal of the ceilings on incomes and continuing reduction of the differences between minimal and maximal incomes stimulates every worker's interest in lowering the material outlays, in raising labor productivity, in improving the entire quality of their activity and, in a word, in the quantitative growth and qualitative improvement of the productive forces and of the whole technical-material base of our socialist society. Through the intermediary of the present economic-financial mechanism and the principles on which it is based, the private interests of the workers in their capacities as owners, producers and beneficiaries of the entire national wealth and their collective interests are closely correlated with the general interests of society as a whole.

Experience has proved the correctness of our party's policy of consistently applying the objective laws concerning accumulation and the development fund for expanded reproduction in order to form a constantly growing material base, which is the only way to keep raising the people's material and cultural living standard. The conclusion has proved fully viable that Comrade Nicolae Ceausescu pointed out once more in his speech in November 1988, to the effect that more cannot be consumed than is permitted by the resources created through general development, nor can all of that be consumed because accumulation funds for Romania's whole socioeconomic development must be secured. Therefore a correct distribution of the national income to the consumption fund and to the accumulation fund is still needed for successful construction of the fully developed socialist society and for Romania's advance toward communism.

[Article by Maria Molnar: "Consistent Application of Standards of Socialist Equity"]

Consistent implementation of the principles of socialist equity is a major aim of the policy on raising the Romanian population's living standards and one of the characteristic goals of our party's and state's economic and social policy.

In the view of the party and its secretary general this aim is occasioned by the necessity of carrying out socialist ideals of equality and justice because it reflects the revolutionary humanism characteristic of the socialist system. Implementation of equity is based on socialist ownership of the production means, on the equality of all citizens in regard to that ownership, and on intensive and balanced development of social production. It means not only political and legal equality, or people's equal right to participate in management of the economic units, of socioeconomic activity, and of society as a whole, and creation of conditions essential to the actual exercise of that right, but also economic equality, or equal living conditions and equal possibilities of employment and a civilized life for all social categories and every member of society, as well as material and cultural living conditions in keeping with the level of the country's socioeconomic development.

In the years of socialist construction and especially in the last 24 years, our party has based its remuneration policy on the principle of equity, regarding distribution as an active and effective instrument of social justice. In speaking of equitable distribution of incomes, Comrade Nicolae Ceausescu pointed out that the principle of equity has nothing to do with equality of incomes or with egalitarianism or leveling in distribution and consumption.

Equitable distribution is composite in nature as an objective determined by the joint action of the basic economic law of socialism, namely the law of distribution according to work, and of the law of distribution via the social consumption funds. By virtue of the requirements of those laws, a remuneration system is equitable if it enables every member of society to live according to the general standard reached in each period and if it favors improvement of the welfare of all categories of the population in step with the development of social production and its increasing results, as well as reduction of the differences among the incomes and consumption of the various social categories.

In our socialist society equity in distribution primarily means equal remuneration for equal work, while all members of society fit to work are guaranteed the exercise of the right to work and a job according to their training and the standards of the remuneration system. It is important to point out here that the exercise of the right to work guaranteed all members of society is indispensable to equitable distribution and one of the most precious gains of socialism in Romania.

Consistent implementation of the principle "From each according to ability and to each according to work" is the heart and soul of socialist equity. It stems from the fact that in socialism people's positions in production and in society in general depend upon work, their participation in social labor, and their contribution to social progress, and these positions are based on socialist ownership of the production means. Equitable distribution of incomes also means exclusion of any possibilities of obtaining incomes without work from exploitation of others' work or profiteering, as well as reduction of the differences in families' living standards that are not determined by differentiation of distribution according to work performed and its results but by the size and structure of the family, where it lives, and the social-professional category. Those differences are reduced mainly by distribution via the social consumption funds, which correlate the extent of the family's welfare with that of the work of its members who are fit for work, and it is accordingly also an important addition to the incentive power of distribution according to work.

Actually the content of equitable distribution is implemented through a whole system of ways and means that operates within the distribution mechanism. The implementation of equity in distribution, its mechanism and parameters, and the proportioning of the socioeconomic norms on which these things are based are strongly characterized by the necessity of simultaneous performance of distribution's functions of reproduction, incentive and balance. Of course they depend upon the structure of the whole operating mechanism of the national economy, and they are objectively determined by the level and characteristics of economic development and by the volume of social production allocated to public consumption as well. This comprehensive determination of the content and mechanism of equitable distribution and the efforts to take it into consideration lend Romania's distribution policy a pronounced dynamic character. That effort is proving to be the most striking characteristic of the current measures to raise wages, whereby it has been planned to raise the minimum wage from 1,500 to 2,000 lei. As the party secretary general said about the significance of these measures, "The more pronounced increase in the pay of workers with low incomes is a new reflection of our party's and

state's concern for suitable living conditions for all categories of workers and for consistent application of the principles of socialist ethics and equity."

The ratio between minimum and maximum remuneration reflects the degree of differentiation of workers' pay according to work that is considered optimal at a given point from the standpoints of both socialist equity and the requirements of material incentive. It is based on the view that in socialist society differentiated pay, as an objective requirement of the law of distribution according to work, has limits determined by the necessity of observing the principle of socialist equity. Thanks to the policy of a more pronounced increase in the minimum wage, the ratio between minimum and maximum remuneration of workers in Romania has been considerably reduced, from 1:10 in 1965 to 1:47 at present. Comrade Nicolae Ceausescu says, "That entirely corresponds to the principles of socialist ethics and equity, while providing at the same time for a material incentive and the necessary differentiation between minimum and maximum remuneration among the various activities."

Remuneration on the overall contract system currently applied in Romania is the most important instrument of the principle of equitable distribution. In view of the necessity of correct and objective measurement of work as a prerequisite for stimulating and equitable differentiation of pay, the overall contract mechanism includes a new way of measuring the work performed, namely by its results and by considering some indicators of quality and efficiency reflecting the qualitative aspects of the work.

As the party documents point out, consistent implementation of the principles of incentive and equity in distribution according to work and the effectiveness of the overall contract system, designed as a component of the present economic-financial mechanism and based upon self-management and self-administration, depend heavily upon the way that mechanism is operated. In fact, consistent application of self-management and self-administration makes the economic units' results solely dependent upon the work and the joint effort of all the workers making up the workers collectives. This ultimately ensures an equitable differentiation of workers' pay among the units, while it is also one of the essentials for equitable distribution.

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